THE REPUBLIC OF KENYA

OFFICE OF THE CONTROLLER OF BUDGET

PARLIAMENT
OF KENYA
LIBRARY

COUNTY GOVERNMENTS
BUDGET IMPLEMENTATION REVIEW REPORT

FOR THE FIRST QUARTER
OF
FY 2022/23

THE NATIONAL ASSEMBLY
PAPERS LAID
DAY: Tuesday
DATE: 11 APR 2023
TABLED BY: Hon. Owen Baya, MP
Deputy leader of Majority
CLERK-AT THE-TABLE: Esther Nyinyo

NOVEMBER, 2022

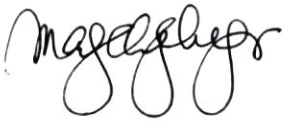
FOREWORD

The Office of the Controller of Budget (OCoB) is established under Article 228 of the Constitution of Kenya to oversee budget implementation for both the national and county governments by approving the withdrawal of funds and reporting to each House of Parliament every four months. Specifically, Article 228(6) of the Constitution of Kenya and Section 9 of the Controller of Budget Act, 2016 require the Controller of Budget (CoB) to submit quarterly budget implementation reports for the national and county governments to Parliament within thirty days after the end of each quarter.

In fulfilment of this mandate, I am pleased to present the County Governments' Budget Implementation Review Report (CBIRR) for the First Quarter of the Financial Year (FY) 2022/23, covering July 2022 to September 2022. The report is based on data from the approved county budgets for the FY 2022/23, financial and non-financial performance reports for the first three months of the financial year submitted to OCoB in line with Sections 166 and 168 of the Public Finance Management Act (PFM Act), and data generated from the Integrated Financial Management Information System (IFMIS).

The report examines budget implementation by the forty-seven County governments. It presents the budget performance analysis of the approved budgets, receipts into the County Revenue Fund, exchequer issues, expenditure by major economic classification of Personnel Emoluments, Operations and Maintenance and Development Expenditure, expenditure by programmes, and the absorption of funds against the approved budget allocation. The report also highlights the key issues identified during the period that hampered effective budget implementation during the period and contains appropriate recommendations to address those issues. All 47 County Governments are expected to implement applicable recommendations to ensure effective budget implementation.

The OCoB expects that the publication of this report will help promote the prudent use of public funds and further ensure that information on budget implementation is available to members of the public to enable them to hold the duty bearers to account for the utilization of public funds.



Dr. Margaret Nyakang'o CBS
CONTROLLER OF BUDGET

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ACRONYMS

A-I-A	Appropriations in Aid
ASDSP	Agriculture Sector Development Support Programme
CARA	County Allocation of Revenue Act
CBIRR	County Budget Implementation Review Report
CECMF	County Executive Committee Member for Finance
COB	Controller of Budget
COVID-19	Coronavirus Disease 2019
CRF	County Revenue Fund
DANIDA	Danish International Development Agency
DRPNK	Drought Resilience Programme in Northern Kenya
ECDE	Early Childhood Development Education
EU	European Union
FIF	Facility Improvement Fund
FY	Financial Year
ICT	Information Communication Technology
IDA	International Development Association
IDEAS	Instruments for Devolution Advice and Support
IFMIS	Integrated Financial Management Information System
IPPD	Integrated Payroll Personnel Database
KCSAP	Kenya Climate Smart Agriculture Project
KDSP	Kenya Devolution Support Programme
Kshs	Kenya Shillings
KUSP	Kenya Urban Support Project
MCA	Member of County Assembly
NARIGP	National Agricultural and Rural Inclusive Growth Project
O&M	Operations and Maintenance
OCOB	Office of the Controller of Budget
OSR	Own Source Revenue
PE	Personnel Emoluments

PFM	Public Finance Management
SME	Small and Medium Enterprises
SRC	Salaries and Remuneration Commission
THSUCP	Transforming Health Systems for Universal Health Care Project
WSDP	Water & Sanitation Development Project

EXECUTIVE SUMMARY

This report has been prepared to fulfil Article 228(6) of the Constitution of Kenya, 2010, and Section 9 of the Controller of Budget Act, 2016. The report provides information on county governments' budget implementation during the First Quarter of FY 2022/23. It analyses revenue and expenditure performance against annual budget estimates. It is based on financial and non-financial reports submitted by county governments in line with Sections 166 and 168 of the Public Finance Management Act, 2012.

The aggregate approved budget estimates for the 47 county governments for FY 2022/23 amounted to Kshs.478.87 billion and comprised Kshs.160.58 billion (33.5 per cent) allocated to development and Kshs.318.27 billion (66.5 per cent) for recurrent expenditure. The aggregate development expenditure allocation conforms to Section 107 (2(b)) of the PFM Act, 2012, which requires that at least 30 per cent of the budget be allocated for development programmes. To finance the budgets, county governments expect to receive Kshs.370 billion as the equitable share of revenue raised nationally, Kshs.57.01 billion from their own-revenue sources, Kshs.5.65 billion as conditional grants from the National Government, Kshs.23.7 billion from development partners. Further, counties had an unspent cash balance from FY 2021/22, amounting to Kshs.22.51 billion.

The total funds available to the County Governments in the First Quarter of FY 2022/23 amounted to Kshs.98.97 billion. This amount consisted of Kshs.70.34 billion as an equitable share of revenue raised nationally disbursed by the National Treasury (amount included Kshs.29.6 billion in arrears from FY 2021/22), Kshs.22.51 billion as cash balance from FY 2020/21, and Kshs.6.17 billion raised from own sources.

The Kshs.6.17 billion received by county governments from their sources of revenue was 10.7 per cent of the annual target and a decline compared to Kshs.6.76 billion generated in the First Quarter of FY 2021/22. Analysis of own-source revenue as a proportion of the annual revenue target shows that five counties exceeded the first quarter expectation of 25 per cent of the yearly target. These were; - Isiolo (49 per cent), Narok (38.7 per cent), Samburu (33.3 per cent), Vihiga (27.8 per cent) and Nyeri (26.3 per cent). Those with the lowest performance were Nyamira at 4.5 per cent, Bomet at 5.8 per cent, Kilifi at 5.8 per cent, Murang'a at 4 per cent and Kajiado at 3.4 per cent.

To implement county government budgets, the Controller of Budget authorised withdrawals of Kshs.56.30 billion from the County Revenue Funds to the County Operational Accounts. The amount comprised of Kshs.2.32 billion (4.1 per cent) for development expenditure and Kshs.53.98 billion (95.9 per cent) for recurrent expenditure, a decline from Kshs.57.07 billion authorised in a similar period of FY 2021/22.

In the First Quarter of FY 2022/23, the county governments spent Kshs.54.82 billion, representing an absorption rate of 11.4 per cent of the total annual budgets, representing an increase from an absorption rate of 10.5 per cent reported in the First Quarter of FY 2021/22, when total expenditure was Kshs.52.84 billion. Recurrent expenditure was Kshs.52.60 billion, representing 16.5 per cent of the annual recurrent budget, an increase from 15.4 per cent reported in the First Quarter of FY 2021/22. Development expenditure amounted to Kshs.2.22 billion, representing an absorption rate of 1.4 per cent and a decline from 1.9 per cent attained in a similar period of FY 2021/22.

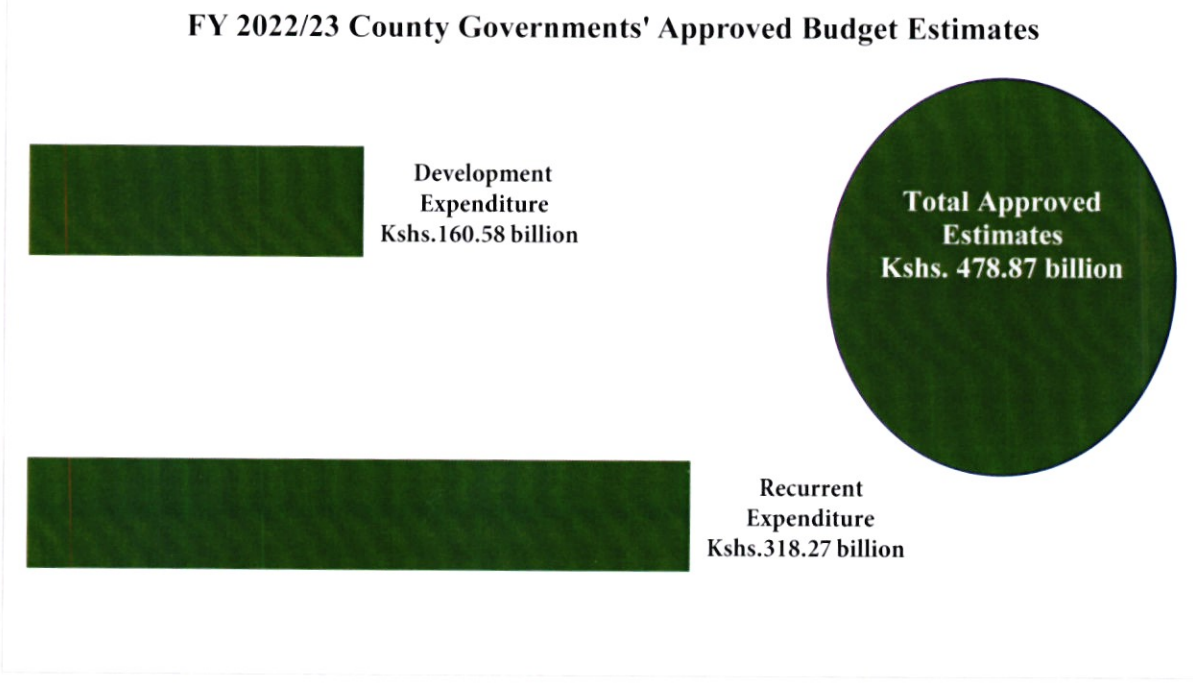
During the reporting period, twenty-four counties did not report any expenditure on development activities, possibly due to the challenges in setting up new county administration after the August general elections. The Counties with the highest proportion of development expenditure to their approved annual development budgets were; - Narok at 9.8 per cent, Vihiga at 9.2 per cent, and Nyamira at 8.8 per cent of budget allocation.

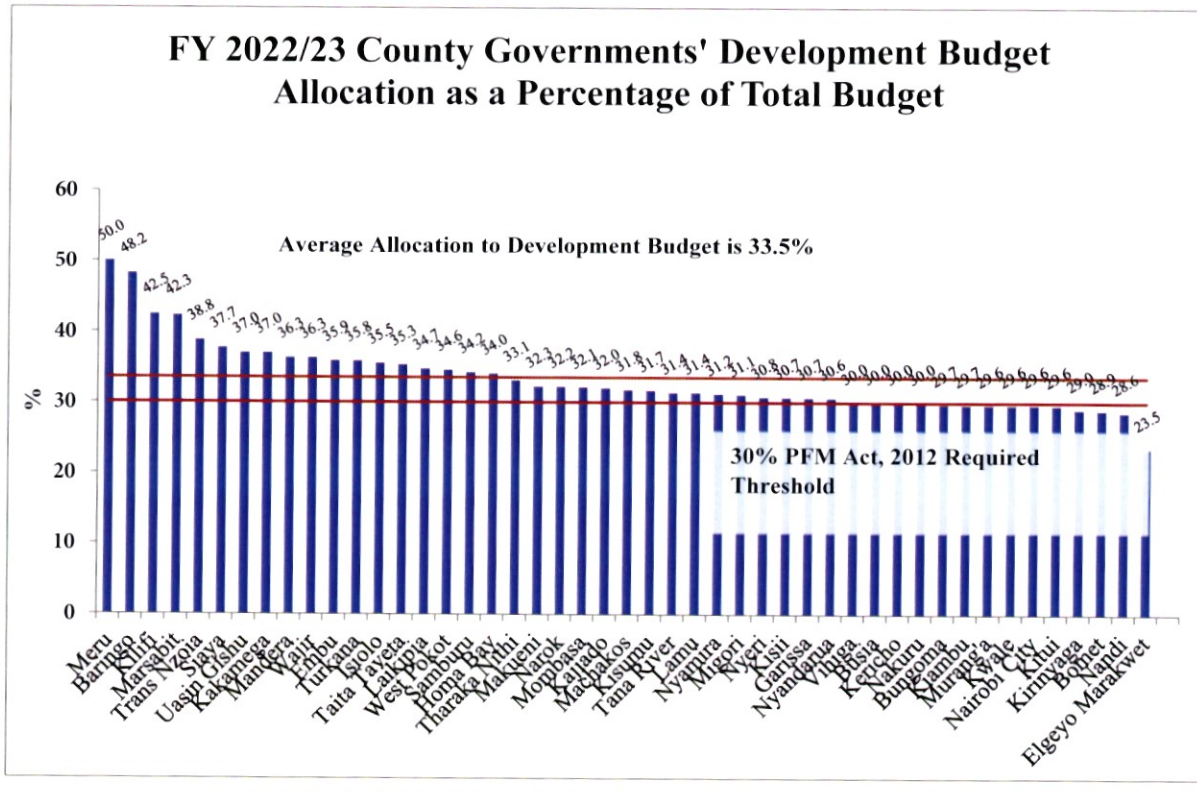
As of September 30, 2022, Counties reported accumulated pending bills amounting to Kshs.161.36 billion. They comprised Kshs.33.98 billion for development expenditure and Kshs.127.38 billion for recurrent expenditure. The Nairobi City County accounted for 62.2 per cent of pending bills at Kshs.100.36 billion. Other counties with high pending bills are Wajir at 5.50 billion, Mombasa at Kshs.4.51 billion and Kiambu at Kshs.4.81 billion. The Mandera County Executive did not report any pending bills.

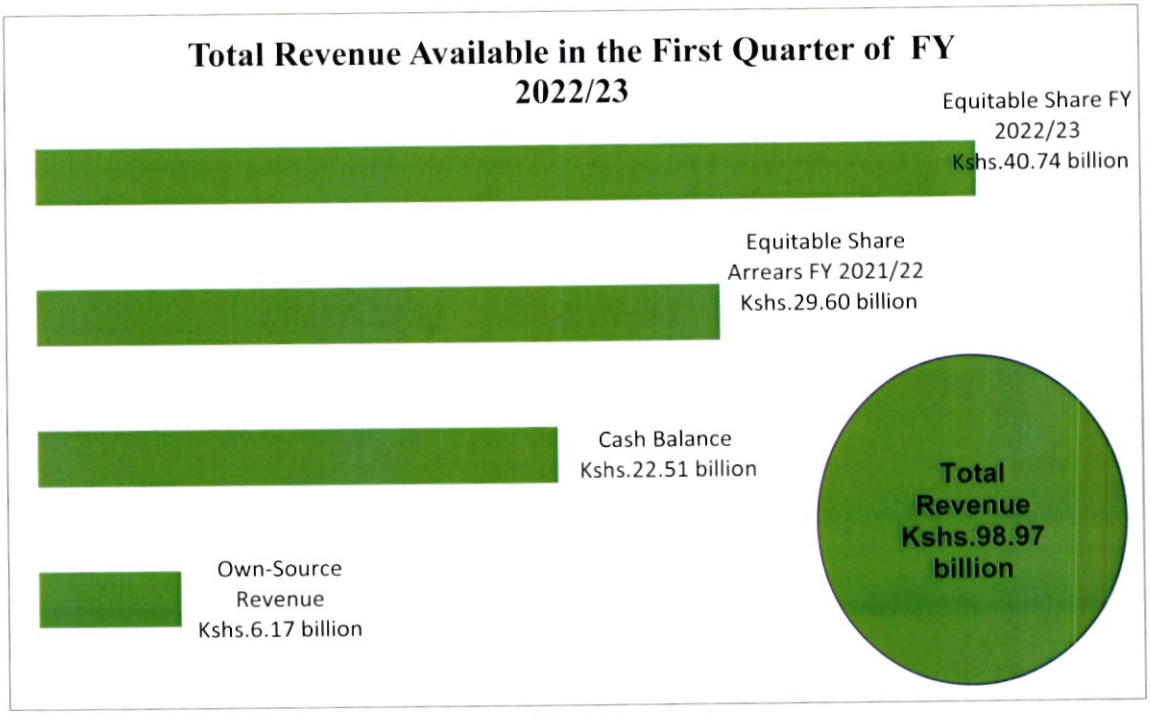
The Controller of Budget identified several challenges that hampered effective budget execution during the reporting period These included - low expenditure on the development budget, which was Kshs.2 22 billion and represented an absorption rate of 1.4 per cent of the county governments' cumulative annual development expenditure budget of Kshs 160.58 billion, under-performance in own-source revenue collection, which was Kshs 6 17 billion (10.7 per cent) compared with the annual target of Kshs 57 01 billion, a high level of outstanding pending bills reported by the county governments that stood at Kshs.161 36 billion as of September 30 2022; delays by the National Treasury to disburse the Equitable Share of Revenue where only Kshs 40.74 billion was disbursed to the counties representing 11 per cent of the annual allocation of Kshs.370 billion; and failure by several Fund Administrators to submit quarterly financial statements to the Controller of Budget

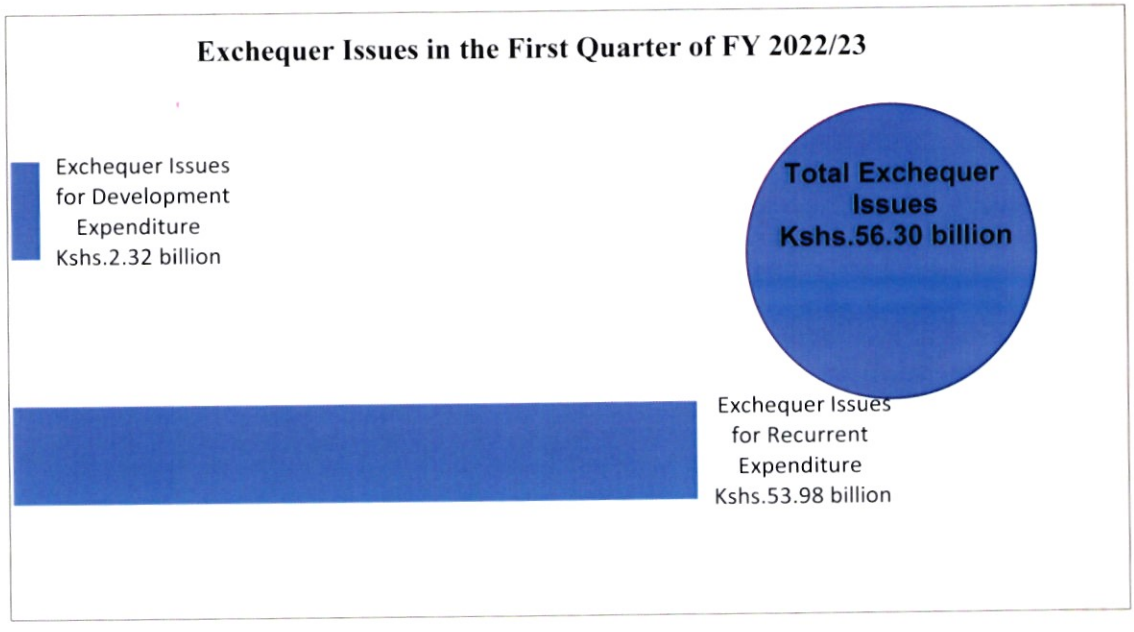
County governments are advised to prioritise the implementation of development projects in FY 2022/23 to improve their citizens' living standards, ensuring that spending on development activities meets the minimum set threshold of 30 per cent of annual budgets. On under performance of their own-source revenues, counties are advised to review their FY 2022/23 revenue targets to confirm that they are realistic and implement strategies to mobilise their revenue collection, including building staff capacity in revenue administration. The Controller of Budget advises county governments to settle all eligible pending bills as a first charge in the FY 2022/23 in line with Regulation 41 (2) of the Public Finance Management (County Governments) 2015 Further, the National Treasury is urged to ensure that the disbursement of the equitable share of revenue is in line with the Approved Disbursement Schedule of the County Allocation of Revenue Act, 2022, to ensure effective budget implementation in the counties. Finally, the County Executive Committee Members responsible for finance are required to ensure to ensure designated Fund Administrators prepare and submit quarterly report in line with the law.

KEY HIGHLIGHTS IN THE REPORT






Total Revenue Available in the First Quarter of FY 2022/23
Equitable Share FY 2022/23 Kshs.40.74 billion
Equitable Share Arrears FY 2021/22 Kshs.29.60 billion
Cash Balance Kshs.22.51 billion
Own-Source Revenue Kshs.6.17 billion
Total Revenue Kshs.98.97 billion


Exchequer Issues in the First Quarter of FY 2022/23
Exchequer Issues for Development Expenditure Kshs.2.32 billion
Total Exchequer Issues Kshs.56.30 billion
Exchequer Issues for Recurrent Expenditure Kshs.53.98 billion

1 INTRODUCTION

The Office of the Controller of Budget (OCOB) is an oversight institution established under Article 228 of the Constitution of Kenya, 2010, to oversee and report on the implementation of the budgets of the National and County Governments. Article 228 (6) of the Constitution, and Section 9 of the Controller of Budget (COB) Act, 2016, require the Controller of Budget to submit to each house of Parliament a report on the implementation of the budgets of the National and County Governments for every four months. In light of the above legal requirement, this County Budget Implementation Review Report (CBIRR) is produced and covers the First Quarter of FY 2022/23.

The CBIRR presents the status of budget execution by the county governments. The report analyses information on own source revenue raised, transfers received from the National Government and Development Partners, and the total expenditure of the First Quarter of the financial year (FY) 2022/23. The (CBIRR) is based on quarterly financial reports submitted to the OCOB by County Treasuries in line with Sections 166 and 168 of the Public Finance Management (PFM) Act 2012, data obtained from the Integrated Financial Management System (IFMIS), and information obtained by the OCOB in the course of overseeing budget implementation. The absorption rate is used to measure performance and is computed as a percentage of actual expenditure against the approved annual budget estimates.

The report structure is as follows: Chapter One captures the introduction, while Chapter Two analyses the counties' budget performance during the First Quarter of FY2022/23. Chapter Two also details the performance of each county government's own-source revenue and actual expenditure against the set budget estimates for both recurrent and development expenditure. Recurrent expenditure has been categorised into Personal Emoluments (PE) and Operations and Maintenance (O&M). A summary report on the County governments' pending bills as of September 30th, 2022, is also provided in this chapter.

A detailed report by the individual Counties is provided in Chapter Three. Information on budget performance and the allocations for recurrent and development expenditures, exchequer issues, and actual spending (classified into Employee Compensation, Operation and Maintenance, and Development Expenditure) are also discussed. Programmes and sub-programmes are used to analyse budget execution for each department, and information on development projects implemented in the First Quarter of FY 2022/23 is also covered.

Chapter Four captures a summary of critical challenges observed by OCoB in budget implementation in the First Quarter of FY 2022/23 by each County. The report further provides recommendations to ensure effective and efficient budget implementation and to promote best practices. Finally, Chapter Five offers the conclusion of this report.

2 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION IN THE FIRST QUARTER OF FY 2022/23

2.1 Introduction

This chapter presents the financial analysis of aggregated County budget implementation for the First Quarter of FY 2022/23 and covers the period from July to September 2022.

2.2 Revenue Analysis

The combined County governments' budgets approved by the County Assemblies amounted to Kshs.478.87 billion and comprised Kshs.160.58 billion (33.5 per cent) allocated to development expenditure and Kshs.318.27 billion (66.5 per cent) to recurrent expenditure.

To finance the budgets, County governments expect to receive Kshs.370 billion as the equitable share of revenue raised nationally, generate Kshs.57.01 billion from their own revenue sources, receive Kshs.5.65 billion as conditional grants from the National Government and Kshs.23.7 billion from Development Partners, while utilising Kshs.22.51 billion unspent cash balance from the previous financial year. The County Governments Additional Allocations Bill, 2022, which provides allocation for conditional grants, had not been approved by Parliament as of 30th September 2022.

2.2.1 Revenue Out-turn

The total funds available to the county governments in the First Quarter of FY 2022/23 amounted to Kshs.98.97 billion, comprised of Kshs.70.34 billion as the equitable share of revenue raised nationally, Kshs.22.51 billion cash balance from FY 2021/22, and Kshs.6.17 billion raised from own revenue sources. The equitable share of Kshs.70.34 billion included Kshs.29.6 billion, which was arrears from FY 2021/22 and was disbursed to counties in August, 2022.

2.2.2 Own-Source Revenue

During the reporting period, county governments generated a total of Kshs.6.17 billion from their own-source revenue (OSR), which was 10.7 per cent of the annual target of Kshs.57.01 billion. The realised OSR is a decline compared to Kshs.6.76 billion generated in a similar period in FY 2021/22. Analysis of own-source revenue collection for July 2022 to September 2022 is shown in Table 2-1

Table 2-1: Own Source Revenue Collection for the period July to September 2022 of FY 2022/23

No.	County	Annual Own Source Revenue (OSR) Target for FY 2022/23 (Kshs.)	First Quarter of FY 2022/23 OSR Collection (Kshs.)	% of Collection of OSR Against Annual Target
1.	Baringo	312,474,282	43,809,234	14.0
2.	Bomet	300,000,000	17,443,378	5.8
3.	Bungoma	700,000,000	55,026,436	7.9
4.	Busia	469,163,025	45,373,968	9.7
5.	Elgeyo Marakwet	246,239,212	30,795,949	12.5
6.	Embu	950,000,000	70,112,285	7.4
7.	Garissa	116,400,000	10,095,110	8.7
8.	Homa Bay	191,080,752	17,088,303	8.9
9.	Isiolo	113,686,337	55,651,320	49.0
10.	Kajiado	1,503,946,728	51,554,854	3.4

No.	County	Annual Own Source Revenue (OSR) Target for FY 2022/23 (Kshs.)	First Quarter of FY 2022/23 OSR Collection (Kshs.)	% of Collection of OSR Against Annual Target
11.	Kakamega	2,000,000,000	171,572,120	8.6
12.	Kericho	325,071,600	32,324,528	9.9
13.	Kiambu	4,136,821,507	527,229,350	12.7
14.	Kilifi	1,467,500,000	85,644,197	5.8
15.	Kirinyaga	500,000,000	58,734,841	11.7
16.	Kisii	650,000,000	43,942,574	6.8
17.	Kisumu	1,762,226,587	186,694,958	10.6
18.	Kitui	600,000,000	61,599,535	10.3
19.	Kwale	315,000,000	47,585,418	15.1
20.	Laikipia	1,295,719,999	147,062,178	11.3
21.	Lamu	120,000,000	8,951,607	7.5
22.	Machakos	1,690,079,199	197,858,345	11.7
23.	Makueni	850,000,000	144,238,232	17.0
24.	Mandera	255,436,786	25,705,461	10.1
25.	Marsabit	170,000,000	25,908,505	15.2
26.	Meru	600,000,000	44,042,860	7.3
27.	Migori	350,000,000.00	70,372,899	20.1
28.	Mombasa	4,814,500,985	568,869,104	11.8
29.	Murang'a	1,500,000,000	60,091,547	4.0
30.	Nairobi City	18,027,834,347	1,192,463,509	6.6
31.	Nakuru	1,980,000,000	183,979,358	9.3
32.	Nandi	321,234,445	37,693,881	11.7
33.	Narok	2,430,830,000	941,516,291	38.7
34.	Nyamira	265,000,000	11,884,623	4.5
35.	Nyandarua	660,000,000	74,893,061	11.3
36.	Nyeri	700,000,000	183,760,356	26.3
37.	Samburu	240,330,500	80,018,319	33.3
38.	Siaya	580,998,234	98,579,902	17.0
39.	Taita Taveta	400,000,000	51,661,000	12.9
40.	Tana River	87,846,000	7,323,600	8.3
41.	Tharaka Nithi	350,000,000	37,721,462	10.8
42.	Trans Nzoia	629,500,000	101,696,395	16.2
43.	Turkana	198,000,000	34,017,165	17.2
44.	Uasin Gishu	1,400,471,850	111,023,536	7.9
45.	Vihiga	158,470,489	44,113,746	27.8
46.	Wajir	100,000,000	9,897,300	9.9
47.	West Pokot	170,000,000	18,966,451	11.2
	Total	**57,005,862,864**	**6,126,589,051**	**10.7**

Source: County Treasuries

Analysis of own-source revenue as a proportion of the annual revenue target indicated that Isiolo, Narok, Samburu, Vihiga and Nyeri counties achieved the highest percentage at 49 per cent, 38.7 per cent, 33.3 per cent, 27.8 per cent

and 26.3 per cent respectively. Conversely, Counties with the lowest proportion of own source revenue against targets were Nairobi City at 6.6 per cent, Nyamira at 4.5 per cent, Bomet at 5.8 per cent, Kilifi at 5.8 per cent, Murangá at 4 per cent, and Kajiado at 3.4 per cent.

2.3 Funds Released to the Counties

2.3.1 Funds released from the Consolidated Fund to the Counties

In the First Quarter of FY 2022/23, the Controller of Budget (COB) approved the transfer of Kshs.70.34 billion as the equitable share of revenue raised nationally from the Consolidated Fund to the various County Revenue Funds (CRFs) as per Article 206 (4) of the Constitution of Kenya, 2010. The transferred amounts included Kshs.29.6 billion, which was in arrears from FY 2021/22. A detailed analysis of the released equitable share to each County is provided in Chapter Three.

2.3.2 Funds Released to the County Operational Accounts

The COB authorised withdrawals of Kshs.56.30 billion from the County Revenue Funds to the County Operational Accounts comprising Kshs.53.98 billion (95.9 per cent) for recurrent expenditure and Kshs.2.32 billion (4.1 per cent) for development expenditure. This was a decline from the Kshs.57.07 billion authorised in a similar period in FY 2021/22. A detailed analysis of the funds released to each County is provided in chapter three.

2.4 Expenditure Analysis

The total expenditure by county governments in the First Quarter of FY 2022/23 was Kshs.54.82 billion, representing an overall absorption rate of 11.4 per cent of the total Annual County Governments' Budget of Kshs.478.87 billion, an increase from an absorption rate of 10.5 per cent reported in a similar period in FY 2021/22, where the total expenditure was Kshs.52.84 billion.

Recurrent expenditure was Kshs.52.60 billion, representing 16.5 per cent of the annual recurrent budget, an improvement from 15.4 per cent reported in the First Quarter of FY 2021/22. Development expenditure amounted to Kshs.2.22 billion, representing an absorption rate of 1.4 per cent and a decline from 1.9 per cent attained in the First Quarter of FY 2021/22 when total development expenditure was Kshs.3.55 billion. The analysis of expenditure by economic classification in the First Quarter of FY 2022/23 is provided in Table 2-2.

Table 2-2: Expenditure by Major Economic Classification in the First Quarter of FY 2022/23

No.	County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.	Total Expenditure (Kshs.)
		Personnel Emoluments	Operations & Maintenance	Total Recurrent Expenditure		
		A	B	C=A+B	D	E=C+D
1.			83,058,730	893,122,855	-	893,122,855
2.	Bomet	741,436,336	255,733,468	997,169,804	-	997,169,804
3.	Bungoma	1,254,332,633	363,506,169	1,617,838,802	-	1,617,838,802
4.	Busia	835,124,984	116,075,464	951,200,449	-	951,200,449
5.	Elgeyo Marakwet	639,360,531	83,822,899	723,183,430	-	723,183,430
6.	Embu	703,689,844	113,591,779	817,281,623	-	817,281,623
7.	Garissa	1,387,502,390	302,211,928	1,689,714,318	-	1,689,714,318
8.	Homa Bay	576,459,586	199,607,517	776,067,103	83,395,356	859,462,459
9.	Isiolo	495,495,566	-	495,495,566	-	495,495,566
10.	Kajiado	1,022,575,436	89,096,515	1,111,671,951	100,000,000	1,211,671,951

No.	County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.	Total Expenditure (Kshs.)
		Personnel Emoluments	Operations & Maintenance	Total Recurrent Expenditure		
		A	B	C=A+B	D	E=C+D
11.	Kakamega	1,470,769,751	665,665,024	2,136,434,775	-	2,136,434,775
12.	Kericho	762,350,537	120,113,385	882,463,922	146,197,749	1,028,661,671
13.	Kiambu	1,658,525,565	276,143,846	1,934,669,411	107,296,662	2,041,966,073
14.	Kilifi	1,062,735,277	213,351,985	1,276,087,262	-	1,276,087,262
15.	Kirinyaga	645,669,770	99,767,516	745,437,285	149,507,043	894,944,328
16.	Kisii	1,181,721,986	160,214,436	1,341,936,422	85,540,480	1,427,476,902
17.	Kisumu	1,028,254,227	184,885,151	1,213,139,378	-	1,213,139,378
18.	Kitui	1,260,738,896	299,197,663	1,559,936,559	73,792,940	1,633,729,499
19.	Kwale	920,841,603	243,433,812	1,164,275,415	5,000,000	1,169,275,415
20.	Laikipia	739,537,306	80,380,918	819,918,224	2,300,000	822,218,224
21.	Lamu	406,575,087	62,314,232	468,889,319	5,992,514	474,881,833
22.	Machakos	1,025,124,739	216,884,497	1,242,009,236	12,279,602	1,254,288,838
23.	Makueni	989,490,777	38,104,969	1,027,595,746	-	1,027,595,746
24.	Mandera	1,529,473,089	-	1,529,473,089	-	1,529,473,089
25.	Marsabit	520,475,354	39,408,880	559,884,234	-	559,884,234
26.	Meru	1,478,344,571	149,196,302	1,627,540,874	49,483,369	1,677,024,243
27.	Migori	767,549,930	51,264,695	818,814,625	-	818,814,625
28.	Mombasa	982,624,747	911,570,267	1,894,195,014	14,483,645	1,908,678,659
29.	Murang'a	701,059,899	207,899,137	908,959,036	181,231,565	1,090,190,601
30.	Nairobi City	2,683,684,578	917,993,581	3,601,678,158	-	3,601,678,158
31.	Nakuru	1,625,045,566	377,821,402	2,002,866,968	37,367,745	2,040,234,713
32.	Nandi	1,107,231,792	236,175,730	1,343,407,522	-	1,343,407,522
33.	Narok	1,074,507,151	468,632,555	1,543,139,706	382,758,269	1,925,897,975
34.	Nyamira	791,235,482	84,344,110	875,579,592	178,544,819	1,054,124,411
35.	Nyandarua	579,218,911	282,805,390	862,024,301	75,661,457	937,685,758
36.	Nyeri	892,419,395	76,047,020	968,466,415	4,807,110	973,273,525
37.	Samburu	479,174,749	186,206,652	665,381,401	30,493,288	695,874,689
38.	Siaya	646,566,750	40,749,945	687,316,695	-	687,316,695
39.	Taita Taveta	815,785,099	78,849,510	894,634,609	13,571,577	908,206,186
40.	Tana River	-	-	-	-	-
41.	Tharaka Nithi	833,497,688	93,968,797	927,466,485	-	927,466,485
42.	Trans Nzoia	856,317,645	178,054,435	1,034,372,080	-	1,034,372,080
43.	Turkana	1,030,530,663	437,239,599	1,467,770,262	315,321,825	1,783,092,087
44.	Uasin Gishu	895,361,818	199,968,049	1,095,329,867	-	1,095,329,867
45.	Vihiga	615,491,061	121,068,755	736,559,816	160,151,515	896,711,331
46.	Wajir	-	-	-	-	-
47.	West Pokot	626,995,100	43,443,709	670,438,809	-	670,438,809
	Total	**43,150,967,989**	**9,449,870,423**	**52,600,838,411**	**2,215,178,530**	**54,816,016,942**

Source: OCoB and County Treasuries

A review of cumulative expenditure by economic classification showed that Kshs.43.15 billion (78.7 per cent) was spent on Personnel Emoluments, Kshs.9.45 billion (17.2 per cent) on Operations and Maintenance, and Kshs.2.22 billion (4 per cent) on Development Expenditure. Tana River and Wajir Counties did not report any expenditure during the period, which was occasioned by the failure to approve their budget for FY 2022/23 during the period under review.

2.4.1 Development Expenditure

The County governments spent Kshs.2.22 billion on development activities, representing an absorption rate of 1.4 per cent of the annual development budget of Kshs.160.58 billion, which decreased from an absorption rate of 1.9 per cent reported in the First Quarter of FY 2021/22 when development expenditure was Kshs.3.55 billion. Analysis of County budget allocations, expenditures and absorption rate in the period under review is provided in Table 2-3.

Table 2-3: County Budget Allocation, Expenditure and Absorption Rate for the First Quarter of FY 2022/23

No.	County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Rec. Absorption Rate (%)	Dev. Absorption Rate (%)	Overall Absorption Rate (%)
		Rec	Dev	Total	Rec	Dev	Total			
		A	B	C=A+B	D	E	F=D+E	G=D/A*100	H=E/B*100	I=F/C*100
1.	Baringo	4,826.42	4,490.89	9,317.31	893.12	-	893.12	18.5	0.0	9.6
2.	Bomet	5,581.84	2,266.33	7,848.17	997.17	-	997.17	17.9	0.0	12.7
3.	Bungoma	9,075.18	3,839.10	12,914.28	1,617.84	-	1,617.84	17.8	0.0	12.5
4.	Busia	5,683.85	2,434.61	8,118.46	951.20	-	951.20	16.7	0.0	11.7
5.	Elgeyo/Marakwet	3,711.31	1,141.46	4,852.77	723.18	-	723.18	19.5	0.0	14.9
6.	Embu	4,600.86	2,574.30	7,175.15	817.28	-	817.28	17.8	0.0	11.4
7.	Garissa	6,354.41	2,810.53	9,164.94	1,689.71	-	1,689.71	26.6	0.0	18.4
8.	Homa Bay	5,674.60	2,929.60	8,604.20	776.07	83.40	859.46	13.7	2.8	10.0
9.	Isiolo	3,503.32	1,930.19	5,433.51	495.50	-	495.50	14.1	0.0	9.1
10.	Kajiado	6,873.98	3,238.14	10,112.12	1,111.67	100.00	1,211.67	16.2	3.1	12.0
11.	Kakamega	9,709.11	5,696.09	15,405.19	2,136.43	-	2,136.43	22.0	0.0	13.9
12.	Kericho	5,516.99	2,361.74	7,878.73	882.46	146.20	1,028.66	16.0	6.2	13.1
13.	Kiambu	11,586.11	4,883.88	16,469.99	1,934.67	107.30	2,041.97	16.7	2.2	12.4
14.	Kilifi	9,109.90	6,721.36	15,831.25	1,276.09	-	1,276.09	14.0	0.0	8.1
15.	Kirinyaga	4,650.26	1,901.22	6,551.48	745.44	149.51	894.94	16.0	7.9	13.7
16.	Kisii	8,253.85	3,660.82	11,914.67	1,341.94	85.54	1,427.48	16.3	2.3	12.0
17.	Kisumu	8,222.15	3,813.33	12,035.48	1,213.14	-	1,213.14	14.8	0.0	10.1
18.	Kitui	8,100.48	3,398.72	11,499.20	1,559.94	73.79	1,633.73	19.3	2.2	14.2
19.	Kwale	6,039.60	2,540.98	8,580.59	1,164.28	5.00	1,169.28	19.3	0.2	13.6
20.	Laikipia	4,519.57	2,405.10	6,924.68	819.92	2.30	822.22	18.1	0.1	11.9
21.	Lamu	2,537.27	1,160.31	3,697.58	468.89	5.99	474.88	18.5	0.5	12.8
22.	Machakos	7,536.32	3,507.85	11,044.17	1,242.01	12.28	1,254.29	16.5	0.4	11.4
23.	Makueni	6,660.77	3,172.01	9,832.78	1,027.60	-	1,027.60	15.4	0.0	10.5
24.	Mandera	7,397.38	4,220.69	11,618.07	1,529.47	-	1,529.47	20.7	0.0	13.2
25.	Marsabit	4,848.50	3,552.53	8,401.03	559.88	-	559.88	11.5	0.0	6.7
26.	Meru	8,011.56	8,011.56	16,023.12	1,627.54	49.48	1,677.02	20.3	0.6	10.5

No.	County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Rec. Absorption Rate (%)	Dev. Absorption Rate (%)	Overall Absorption Rate (%)
		Rec	Dev	Total	Rec	Dev	Total			
		A	B	C=A+B	D	E	F=D+E	G=D/A*100	H=E/B*100	I=F/C*100
27.	Migori	6,182.00	2,790.89	8,972.89	818.81	-	818.81	13.2	0.0	9.1
28.	Mombasa	9,300.00	4,400.00	13,700.00	1,894.20	14.48	1,908.68	20.4	0.3	13.9
29.	Murang'a	6,768.47	2,851.31	9,619.78	908.96	181.23	1,090.19	13.4	6.4	11.3
30.	Nairobi City	26,978.47	11,349.36	38,327.83	3,601.68	-	3,601.68	13.4	0.0	9.4
31.	Nakuru	12,005.63	5,137.29	17,142.91	2,002.87	37.37	2,040.23	16.7	0.7	11.9
32.	Nandi	6,068.02	2,432.56	8,500.58	1,343.41	-	1,343.41	22.1	0.0	15.8
33.	Narok	8,208.88	3,900.36	12,109.24	1,543.14	382.76	1,925.90	18.8	9.8	15.9
34.	Nyamira	4,492.05	2,037.87	6,529.92	875.58	178.54	1,054.12	19.5	8.8	16.1
35.	Nyandarua	4,858.49	2,143.49	7,001.99	862.02	75.66	937.69	17.7	3.5	13.4
36.	Nyeri	5,255.10	2,333.71	7,588.81	968.47	4.81	973.27	18.4	0.2	12.8
37.	Samburu	4,085.12	2,127.75	6,212.87	665.38	30.49	695.87	16.3	1.4	11.2
38.	Siaya	5,489.70	3,326.24	8,815.94	687.32	-	687.32	12.5	0.0	7.8
39.	Taita/Taveta	4,577.39	2,497.94	7,075.34	894.63	13.57	908.21	19.5	0.5	12.8
40.	Tana River	5,448.90	2,492.30	7,941.20	-	-	-	0.0	0.0	0.0
41.	Tharaka -Nithi	3,672.58	1,817.40	5,489.98	927.47	-	927.47	25.3	0.0	16.9
42.	Trans Nzoia	5,314.51	3,369.13	8,683.64	1,034.37	-	1,034.37	19.5	0.0	11.9
43.	Turkana	8,216.79	4,590.52	12,807.31	1,467.77	315.32	1,783.09	17.9	6.9	13.9
44.	Uasin Gishu	6,408.74	3,762.25	10,171.00	1,095.33	-	1,095.33	17.1	0.0	10.8
45.	Vihiga	4,056.07	1,738.31	5,794.38	736.56	160.15	896.71	18.2	9.2	15.5
46.	Wajir	7,432.23	4,229.96	11,662.20	-	-	-	0.0	0.0	0.0
47.	West Pokot	4,891.97	2,583.66	7,475.64	670.44	-	670.44	13.7	0.0	9.0
	Total	**318,296.71**	**160,575.68**	**478,872.38**	**52,600.84**	**2,215.18**	**54,816.02**	**16.5**	**1.4**	**11.4**

Source: OCoB and County Treasuries

The analysis of development expenditure shows that twenty-four counties did not report any spending during the period under review, which could be due to challenges in setting up new county government administration. Counties with the highest proportion of development expenditure to the approved annual development budget were; - Narok at 9.8 per cent, Vihiga at 9.2 per cent, and Nyamira at 8.8 per cent. An analysis of the development expenditure implemented by Counties is provided in Chapter Three.

2.4.2 Recurrent Expenditure

The Counties spent an aggregate of Kshs.52.60 billion or 9.6 per cent of the total expenditure on recurrent activities. This expenditure represented 16.5 per cent of the annual County government's budget for recurrent activities and was an improvement from 15.4 per cent recorded in a similar period of the FY 2021/22 when expenditure stood at Kshs.49.28 billion.

The recurrent expenditure comprised Kshs.43.15 billion (82 per cent) on Personnel Emoluments and Kshs.9.45 billion (18 per cent) on Operations and Maintenance (O&M) expenditure. An analysis of the recurrent expenditure by Counties is provided in Chapter Three.

2.4.3 Review of MCA Sitting Allowances

The County Assemblies spent Kshs.89.63 million on MCA's Sitting allowances against an approved budget allocation of Kshs.2.47 billion during the reporting period. This expenditure translated to 3.6 per cent of the

approved MCAs sitting allowance budget, a decrease from 17.5 per cent attained in the First Quarter of FY 2021/22 when Kshs.433.81 million was spent. Table 2-4 shows the budgetary allocation and expenditure on MCAs and Speakers' sitting allowances in the First Quarter of FY 2022/23.

Table 2-4: MCAs Budget Allocation, Expenditure and Absorption Rate in the First Quarter of FY 2022/23

No.	County	Budget	Expenditure	Absorption	No. of MCA's	Average monthly sitting allowance per MCA
		(Kshs.)	(Kshs.)	(%)		(Kshs.)
		A	B	C=B/A*100	D	E=B/D/3
1.	Baringo	22,261,515	-	-	45	-
2.	Bomet	32,630,578	772,500	2.4	39	6,603
3.	Bungoma	25,646,400	2,825,037	11.0	62	15,188
4.	Busia	94,593,600	-	-	54	-
5.	Elgeyo Marakwet	43,255,120	204,000	0.5	34	2,000
6.	Embu	23,154,900	2,636,400	11.4	31	28,348
7.	Garissa	36,000,000	-	-	49	-
8.	Homa Bay	110,245,449	-	-	55	-
9.	Isiolo	9,003,758	592,000	6.6	18	10,963
10.	Kajiado	6,240,000	-	-	42	-
11.	Kakamega	171,046,200	12,307,232	7.2	90	45,582
12.	Kericho	20,418,400	-	-	48	-
13.	Kiambu	120,000,000	-	-	87	-
14.	Kilifi	31,949,940	-	-	56	-
15.	Kirinyaga	58,594,919	-	-	34	-
16.	Kisii	92,420,000	162,000	0.2	71	761
17.	Kisumu	70,466,400	7,381,373	10.5	47	52,350
18.	Kitui	49,771,200	355,680	0.7	61	1,944
19.	Kwale	44,688,388	6,231,396	13.9	31	67,004
20.	Laikipia	51,000,000	1,443,000	2.8	21	22,905
21.	Lamu	23,360,000	184,000	0.8	19	3,228
22.	Machakos	55,000,000	7,771,100	14.1	61	42,465
23.	Makueni	40,000,000	12,534,800	31.3	39	107,135
24.	Mandera	50,000,000	-	-	49	-
25.	Marsabit	35,000,000	-	-	33	-
26.	Meru	122,245,200	1,005,700	0.8	69	4,858
27.	Migori	98,009,600	-	-	59	-
28.	Mombasa	41,000,000	8,392,800	20.5	43	65,060
29.	Murang'a	57,000,000	6,511,852	11.4	54	40,197
30.	Nairobi City	90,000,000	-	-	124	-
31.	Nakuru	101,000,000	1,366,010	1.4	83	5,486
32.	Nandi	44,920,000	2,423,200	5.4	40	20,193
33.	Narok	54,813,760	-	-	48	-
34.	Nyamira	11,328,000	916,000	8.1	36	8,481

No.	County	Budget	Expenditure	Absorption	No. of MCA's	Average monthly sitting allowance per MCA
		(Kshs.)	(Kshs.)	(%)		(Kshs.)
		A	B	C=B/A*100	D	E=B/D/3
35.	Nyandarua	52,364,000	2,290,400	4.4	42	18,178
36.	Nyeri	50,670,000	3,937,500	7.8	42	31,250
37.	Samburu	6,000,000	-	-	27	-
38.	Siaya	52,217,035	2,161,900	4.1	44	16,378
39.	Taita Taveta	15,000,000	-	-	33	-
40.	Tana River	18,125,000	-	-	23	-
41.	Tharaka Nithi	86,161,896	607,100	0.7	24	8,432
42.	Trans Nzoia	50,853,610	300,000	0.6	40	2,500
43.	Turkana	64,445,600	-	-	48	-
44.	Uasin Gishu	45,000,000	3,838,900	8.5	45	28,436
45.	Vihiga	43,845,200	480,000	1.1	37	4,324
46.	Wajir	12,776,400	-	-	50	-
47.	West Pokot	31,788,328	-	-	37	-
	Total	**2,466,310,396**	**89,631,880**	**3.6**	**2,224**	**13,434**

Source: OCoB and County Treasuries

County Assemblies that recorded the highest average monthly sitting allowance per MCA were Makueni at Kshs.107,135, Kwale at Kshs.67,004 and Mombasa at Kshs.65,060. The analysis shows that twenty-one county assemblies did not report expenditure on committee sitting allowances during the period under review.

2.4.4 Pending Bills as of September 30, 2022

A pending bill is an unsettled financial obligation at the end of a financial year. It arises when an entity fails to settle invoiced amounts for goods and services adequately procured, delivered, or rendered at the end of a financial year.

As of September 30, 2022, counties reported outstanding pending bills amounting to Kshs.161.36 billion and comprised of Kshs.127.38 billion for recurrent expenditure and Kshs.33.98 billion for development expenditure, as shown in Table 2-5.

Table 2-5: Pending Bills for the Counties as of September 30, 2022

County	Outstanding Pending Bill Amount as of 30th June 2022 (Kshs.)		Amount Paid as of 30th September 2022. (Kshs.)		Outstanding Pending Bill Amount as of 30th September 2022 (Kshs.)	
	Recurrent	Development	Recurrent	Development	Recurrent	Development
Baringo	199,932,786	149,444,084	-	-	199,932,786	149,444,084
Bomet	56,826,717	625,540,935	-	-	56,826,717	625,540,935
Bungoma	700,572,512	615,454,759	5,500,000	-	695,072,512	615,454,759
Busia	581,912,413	1,224,343,548	21,645,191	-	560,267,222	1,224,343,548
Elgeyo Marakwet	4,536,186	3,391,851	-	-	4,536,186	3,391,851
Embu	1,155,240,268	1,082,343,288	248,592,709	-	906,647,559	1,082,343,288
Garissa	36,901,187	1,404,764,051	-	-	36,901,187	1,404,764,051
Homa Bay	126,718,400	875,719,742	33,298,020	-	93,420,380	875,719,742
Isiolo	35,248,250	725,104,163	-	-	35,248,250	725,104,163
Kajiado	523,157,660	1,571,095,612	-	-	523,157,660	1,571,095,612

County	Outstanding Pending Bill Amount as of 30th June 2022 (Kshs.)		Amount Paid as of 30th September 2022. (Kshs.)		Outstanding Pending Bill Amount as of 30th September 2022 (Kshs.)	
	Recurrent	Development	Recurrent	Development	Recurrent	Development
Kakamega	416,489,058	905,741,027	175,219,934	-	241,269,124	905,741,027
Kericho	330,746,843	184,306,967	-	-	330,746,843	184,306,967
Kiambu	2,779,102,273	2,031,420,522	1,059,200	-	2,778,043,073	2,031,420,522
Kilifi	1,747,463,125	1,374,535,775	120,334,688	-	1,627,128,437	1,374,535,775
Kirinyaga	441,408,717	359,720,074	-	20,700,745	441,408,717	339,019,329
Kisii	394,766,575	1,067,262,635	50,557,309	82,176,206	344,209,266	985,086,429
Kisumu	39,486,683	1,918,435,884	17,964,468	-	21,522,215	1,918,435,884
Kitui	388,028,202	1,226,835,225	-	-	388,028,202	1,226,835,225
Kwale	267,400,808	198,462,143	9,732,216	35,026,637	257,668,592	163,435,506
Laikipia	798,463,421	556,654,864	-	-	798,463,421	556,654,864
Lamu	60,052,442	13,024,804	-	-	60,052,442	13,024,804
Machakos	1,945,789,234	979,348,205	42,171,410	-	1,903,617,824	979,348,205
Makueni	299,790,561	357,968,588	-	-	299,790,561	357,968,588
Mandera	Mandera County has no Pending Bills					
Marsabit	40,042,212	884,285,998	-	-	40,042,212	884,285,998
Meru	382,924,197	779,616,563	-	-	382,924,197	779,616,563
Migori	448,332,843	157,333,158	400,000	-	447,932,843	157,333,158
Mombasa	4,029,229,303	1,195,792,355	606,869,628	108,288,526	3,422,359,675	1,087,503,829
Murang'a	2,408,448,515	346,389,821	62,356,772	-	2,346,091,743	346,389,821
Nairobi City	100,350,677,541	13,860,000	-	-	100,350,677,541	13,860,000
Nakuru	503,575,380	302,310,929	229,311,854	-	274,263,526	302,310,929
Nandi	254,753,024	539,561,672	6,568,040	34,500,560	248,184,984	505,061,112
Narok	709,734,732	364,373,963	-	111,542,088	709,734,732	252,831,875
Nyamira	156,290,965	162,013,186	73,228,347	69,941,160	83,062,618	92,072,026
Nyandarua	476,658,174	847,089,844	19,853,560	15,809,999	456,804,614	831,279,845
Nyeri	127,239,089	321,934,718	-	-	127,239,089	321,934,718
Samburu	221,670,104	572,920,403	3,644,310	-	218,025,794	572,920,403
Siaya	373,731,452	458,242,537	-	-	373,731,452	458,242,537
Taita Taveta	444,351,840	589,624,920	-	7,062,494	444,351,840	582,562,426
Tana River	816,800,000	153,220,000	-	-	816,800,000	153,220,000
Tharaka Nithi	340,972,110	351,780,402	3,534,654	-	337,437,456	351,780,402
Trans Nzoia	513,531,902	673,361,157	168,492,436	-	345,039,466	673,361,157
Turkana	1,333,726,274	836,210,157	-	-	1,333,726,274	836,210,157
Uasin Gishu	174,179,863	571,558,982	55,240,922	-	118,938,941	571,558,982
Vihiga	386,160,748	868,819,761	10,200,625	90,665,811	375,960,123	778,153,950
Wajir	1,471,737,162	4,027,957,566	-	-	1,471,737,162	4,027,957,566
West Pokot	52,332,150	81,797,506	-	-	52,332,150	81,797,506
Total	**129,347,133,901**	**34,550,974,344**	**1,965,776,293**	**575,714,226**	**127,381,357,608**	**33,975,260,118**

Source: County Treasuries

Nairobi City County accounted for 64.4 per cent of pending bills, stock at Kshs.100.36 billion. Other Counties with a high level of pending bills are Wajir at Kshs.5.50 billion, Kiambu at Kshs.4.81 billion, and Mombasa at Kshs.4.51 billion. Mandera County Executive did not report any outstanding pending bills.

The OCOB recommends that all pending bills be budgeted as a first charge in the budgets in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.

3.1 Introduction

This Chapter presents a financial analysis of aggregated county budget implementation for the first three months of FY 2022/23.

3.2 County Government of Baringo

3.2.1 Overview of FY 2022/23 Budget

The County's first approved. The supplementary budget for FY 2022/23 is Kshs.9.32 billion, comprising Kshs.4.49 billion (48.2 per cent) and Kshs.4.83 billion (51.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 3.2 per cent compared to the previous financial year when the approved budget was Kshs.9.62 billion and comprised of Kshs.4.21 billion towards development expenditure and Kshs.5.42 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.37 billion (68.4 per cent) as the equitable share of the revenue raised nationally, generate Kshs.312.47 million (3.4 per cent) from its sources of revenue, and a cash balance of Kshs.2.64 billion (28.3 per cent) from FY 2021/2.

The cash balance of Kshs.2.64 billion from the previous financial year comprises rolled-over funds estimated at Kshs.1.16 billion held in ongoing projects, cash balances in the CRF account of Kshs.996.68 million, World Bank (KDSP) grant Kshs.275.22 million, RMLF SPA account Kshs.60.40 million, UDG Grant Kshs.29.37 million, COVID-19 SPA Kshs.24.22 million, Danida Grant Kshs.15.16 million, ASDSP 11 grant Kshs.10.48 million, Emergency Locusts grant Kshs.9.65 million, EU IDEAS grant Kshs.5.50 million, and Village Polytechnique grant Kshs.3.22 million.

3.2.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.05 billion as the equitable share of the revenue raised nationally, raised Kshs.43.81 million as own-source revenue and had a cash balance of Kshs.2.64 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.73 billion, as shown in Table 3-1.

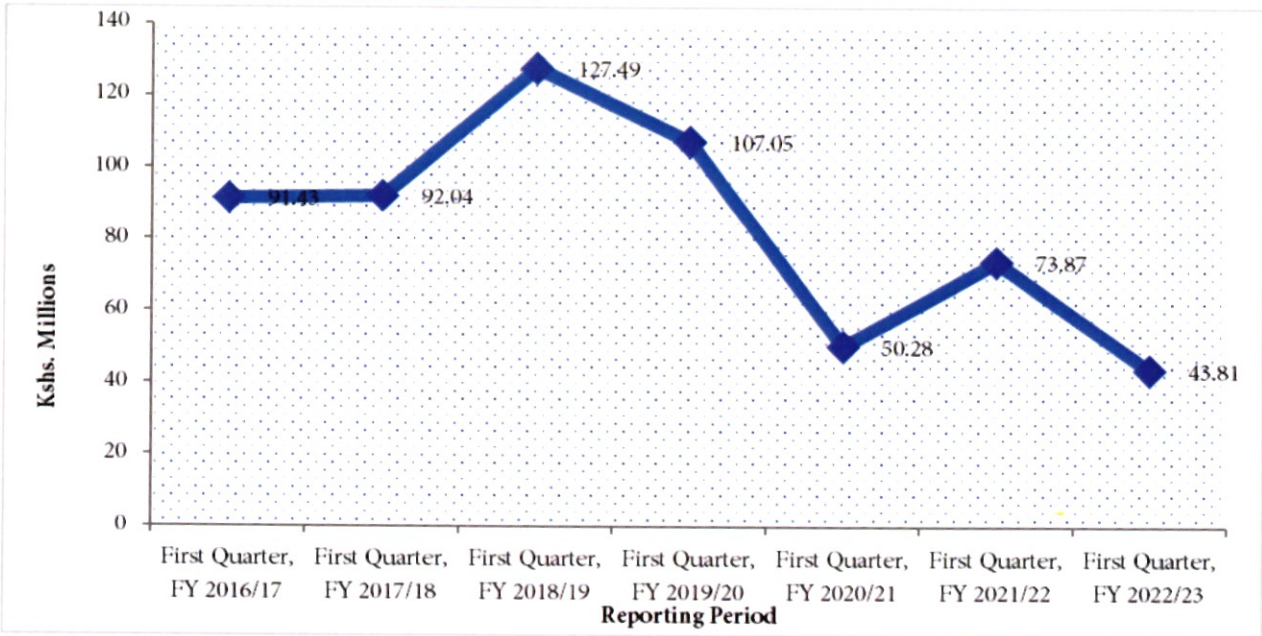
Table 3-1: Baringo County, Revenue Performance in the First Quarter of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,369,394,592	1,050,950,111	16.5
Sub Total		**6,369,394,592**	**1,050,950,111**	**16.5**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	312,474,282	43,809,234	14.0
2.	Unspent balance from FY 2021/22	2,635,438,806	2,635,438,806	100.0
Sub Total		**2,947,913,088**	**2,679,248,040**	**90.9**
Grand Total		**9,317,307,680**	**3,730,198,151**	**40.0**

Source: *Baringo County Treasury*

Figure 3-1 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

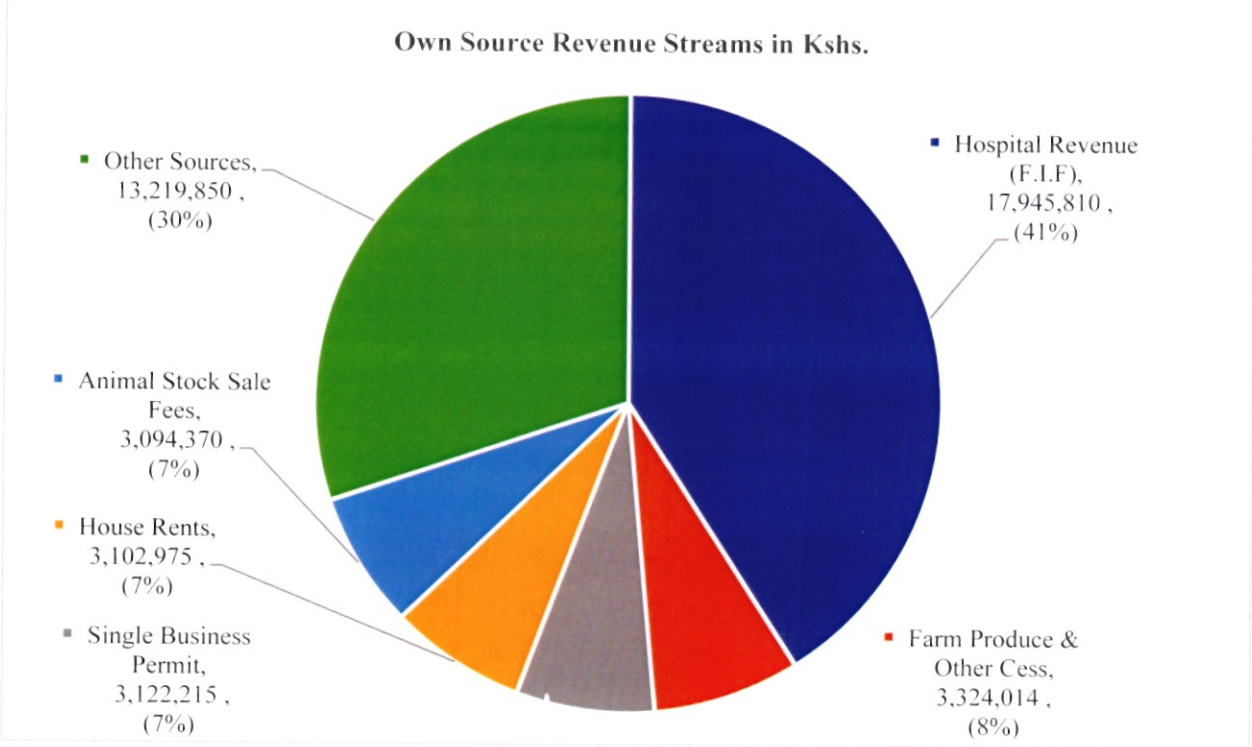
Figure 3-1: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Baringo County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.43.81 million as own-source revenue. This amount represented a decrease of 40.7 per cent compared to Kshs.73.87 million realised during a similar period in the First Quarter of FY 2021/22 and was 14 per cent of the annual target and 4.2 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-2.

Figure 3-2: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: *Baringo County Treasury*

The highest revenue stream was from Hospital Revenue (F.I.F) of Kshs.17.9 million, which contributed 59 per cent of the total OSR collected in the first quarter of FY 2022/23.

3.2.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.884.38 million from the CRF account during the reporting period. The amount was entirely for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.813.66 million for compensation to employees and Kshs.70.72 million for Operations and Maintenance expenditures.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.1.17 billion.

3.2.4 County Expenditure Review

The County spent Kshs.893.12 million on recurrent programmes during the reporting period. This expenditure represented 101 per cent of the total funds released by the Controller of Budget. Expenditure on recurrent programmes represented an absorption rate of 18.5 per cent on the annual recurrent expenditure budget. The over-absorption of exchequer releases is attributed to F.I.F collections spent at source by the Department of Health without transmission to the CRF Account.

3.2.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported pending bills of Kshs.349.38, which comprised Kshs.199.93 million for recurrent expenditure and Kshs.149.44 million for development activities. The County did not settle the pending bills during the period under review despite the availability of Kshs.1.17 billion in the CRF.

3.2.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.746.51 million on employee compensation and Kshs.68.01 million on operations and maintenance. Similarly, the County Assembly spent Kshs.63.56 million on employee compensation and Kshs.15.05 million on operations and maintenance. There was no expenditure on development activities, as shown in Table 3-2.

Table 3-2: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,114,187,058**	**712,229,059**	**814,517,288**	**78,605,568**	**19.8**	**11.0**
Compensation to Employees	3,110,787,496	415,986,389	746,507,593	63,556,533	24.0	15.3
Operations and Maintenance	1,003,399,563	296,242,670	68,009,696	15,049,035	6.8	5.1
Development Expenditure	**4,257,722,614**	**233,168,949**	-	-	-	-
Total	**8,371,909,672**	**945,398,008**	**814,517,288**	**78,605,568**	**9.7**	**8.3**

Source: *Baringo County Treasury*

3.2.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.810.06 million was 21.7 per cent of the annual realised revenue of Kshs.3.73 billion and included Kshs.457.54 million attributable to the health sector, which translated to 56.5 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.791.60 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.18.46 million. The manual payroll amounted to 2.3 per cent of the total P.E costs and was caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff. There were recruitments on designations that do not conform to the scheme of service and the IPPD system and employment of staff on short term contracts of less than six months. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly did not incur any expenditure on committee sitting allowances for the 45 MCAs and the Speaker against the annual budget allocation of Kshs.22.26 million. The County Assembly has established 25 House Committees. There were no bills or policy documents were processed during that period.

3.2.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Ksh.205.63 million to county-established funds in FY 2022/23, constituting 2.2 per cent of the County's overall budget for the year. Table 3-3 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-3: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Baringo County Executive Car Loan & House Mortgage Scheme	2,000,000	-	-	No
2.	Baringo County Bursary & Scholarships Fund	25,000,000	-	-	No
3.	Baringo County Emergency Fund	22,500,000	-	-	No
4.	Baringo County Small & Medium Enterprise Fund	4,000,000	-	-	No
5.	Baringo County Co-operative Development Fund	3,500,000	-	-	No
6.	Baringo County Community Wildlife Conservation Fund	5,000,000	-	-	No
County Assembly Established Funds					
7.	Baringo County Assembly Members Car & Mortgage Fund	140,000,000	-	-	Yes
8.	Baringo County Assembly Staff Car Loans & Mortgage Fund	3,633,248	-	-	Yes
	Total	**205,633,248**	-	-	

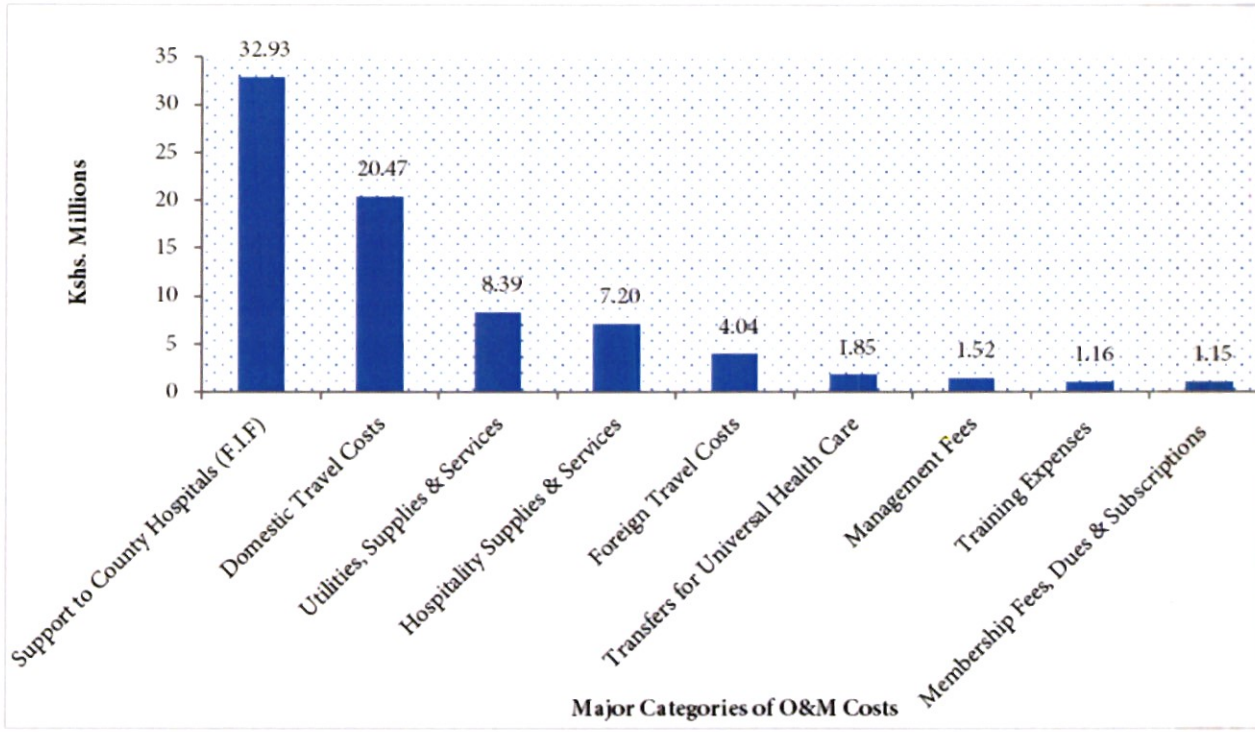
Source: *Baringo County Treasury*

The County has established a total of 8 County Funds with an annual budget of Kshs.205.63 million. The OCoB did not receive quarterly financial returns from Fund Administrators of the Bursary Fund, Emergency Fund, Small & Medium Enterprise Fund, Co-operative Development Fund, County Executive Car Loan & House Mortgage Scheme, and Community Wildlife Conservation Funds as indicated in Table 3-3, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.2.9 Expenditure on Operations and Maintenance

Figure 3-3 summarises operations and maintenance expenditure by significant categories.

Figure 3-3: Baringo County, Operations and Maintenance Expenditure by Major Categories



Source: *Baringo County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.20.47 million and comprised of Kshs.10.23 million spent by the County Assembly and Kshs.10.23 million by the County Executive. Expenditure on foreign travel amounted to Kshs.4.09 million and comprised of Kshs.3.99 million by the County Assembly and Kshs.46,800 by the County Executive.

3.2.10 Development Expenditure

The county has a development budget of Kshs.4.49 billion. However, In the First Quarter of FY 2022/23, it did not incur any expenditure on the development programmes.

3.2.11 Budget Performance by Department

Table 3-4 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-4: Baringo County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	712.23	233.17	88.73	-	78.61	-	88.6	-	11.0	-
Governor/County Executive Services	3,383.43	39.96	772.71	-	765.27	-	99.0	-	22.6	-
County Treasury Services	138.10	288.07	6.40	-	5.88	-	91.9	-	4.3	-
Lands, Housing & Urban Development	30.75	179.07	-	-	0.00	-	-	-	-	-
Education and ICT	43.09	341.90	-	-	0.10	-	-	-	0.2	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Industrialisation, Commerce & Tourism	11.86	121.21	-	-	0.08	-	-	-	0.6	-
Water & Irrigation	44.96	1,022.06	6.00	-	6.27	-	104.6	-	14.0	-
Environment & Natural Resources	13.30	137.77	-	-	0.00	-	-	-	-	-
Health Services	405.25	440.39	7.54	-	36.50	-	484.2	-	9.0	-
Agriculture, Livestock, Fisheries & Marketing	14.87	549.87	-	-	0.00	-	-	-	-	-
Transport and Infrastructure	13.70	962.62	3.00	-	0.00	-	-	-	-	-
Youth, Gender & Social Security Services	14.89	174.80	-	-	0.41	-	-	-	2.7	-
Total	**4,826.42**	**4,490.89**	**884.38**	**-**	**893.12**	**-**	**101.0**	**-**	**18.5**	**-**

Source: *Baringo County Treasury*

Analysis of department expenditure shows that the County did not have any development expenditure in the reporting period. However, the Governor/County Executive Services Department had the highest percentage of recurrent expenditure to budget at 22.6 per cent. In contrast, the departments of Lands, Housing & Urban Development, Environment & Natural Resources, Agriculture, Livestock, Fisheries & Marketing, and Transport and Infrastructure had no expenditure.

The allocation for recurrent expenditure for the County Assembly and Executive is within the ceilings outlined in the County Allocation of Revenue (CARA) Act, 2022.

3.2.12 Budget Execution by Programmes and Sub-Programmes

Table 3-5 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-5: Baringo County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Default Value (Non- Departmental)	Default Value (Non- Departmental)	-	**3,484,568**	**(3,484,568)**	**0.0**
		-	3,484,568	(3,484,568)	0.0
County Assembly		**586,057,246**	**19,563,348**	**566,493,898**	**3.3**
	P1 OFFICE OF THE CLERK	-	(2,519,766)	2,519,766	0.0
	General administration	-	-	-	0.0
	General Administration, Planning and Support Services	577,857,246	22,083,114	555,774,132	3.8
		8,200,000	-	8,200,000	0.0
Office of the Speaker		**7,504,000**	-	**7,504,000**	**0.0**
	General Administration, Planning and Support Services	-	-	-	0.0
		7,504,000	-	7,504,000	0.0
County Assembly Administration		**351,836,762**	**2,642,403**	**349,194,359**	**0.8**
		351,836,762	2,642,403	349,194,359	0.8
Office of the Governor & Deputy Governor		**80,389,541**	**6,008,717**	**74,380,824**	**7.5**
		40,429,600	6,008,717	34,420,883	14.9

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Tiaty Sub-county (Administration)	7,529,434	-	7,529,434	0.0
	P3 GOVERNORS OFFICE	-	-	-	0.0
		31,430,507	-	31,430,507	0.0
	P4 DEPUTY GOVERNOR	-	-	-	0.0
	Baringo North sub-county	1,000,000	-	1,000,000	0.0
County Executive Administration		**3,132,940,514**	**759,874,957**	**2,373,065,557**	**24.3**
		-	-	-	0.0
	Inter and Intra -governmental Relations services	4,200,000	907,000	3,293,000	21.6
	Civic Education Development Services	100,000	-	100,000	0.0
		3,128,640,514	758,967,957	2,369,672,557	24.3
	General Administration	-	-	-	0.0
County Secretary		**154,849,999**	**16,045,866**	**138,804,133**	**10.4**
		154,849,999	16,045,866	138,804,133	10.4
	County Secretary	-	-	-	0.0
County Public Service Board		-	-	-	**0.0**
	County Public Service Board	-	-	-	0.0
		4,778,158	-	**4,778,158**	**0.0**
		4,778,158	-	4,778,158	0.0
	Tiaty sub-county (Administration)	-	-	-	0.0
		4,586,222	**943,386**	**3,642,836**	**20.6**
	Baringo North sub-county	-	-	-	0.0
		4,586,222	943,386	3,642,836	20.6
		4,258,027	**717,413**	**3,540,614**	**16.8**
		4,258,027	717,413	3,540,614	16.8
	Baringo central sub-county	-	-	-	0.0
		4,644,000	**873,826**	**3,770,174**	**18.8**
		4,644,000	873,826	3,770,174	18.8
	Baringo South sub-county	-	-	-	0.0
		3,862,377	**855,100**	**3,007,277**	**22.1**
	Mogotio sub-county	-	-	-	0.0
		3,862,377	855,100	3,007,277	22.1
		4,352,412	**494,500**	**3,857,912**	**11.4**
		4,352,412	494,500	3,857,912	11.4
	Eldama Ravine sub-county	-	-	-	0.0
Office Of the Deputy Governor		**10,806,339**	**1,999,210**	**8,807,129**	**18.5**
	P3 GOVERNORS OFFICE	-	-	-	0.0
	P4 DEPUTY GOVERNOR	-	-	-	0.0
		10,806,339	1,999,210	8,807,129	18.5
Headquarters		-	-	-	**0.0**
	Civic Education Development Services	-	-	-	0.0
	Treasury Accounts	-	-	-	0.0
Finance & Economic Planning		**373,030,531**	**6,702,890**	**366,327,641**	**1.8**
	Economic Planning, Budget, Monitoring and Evaluation Services	-	-	-	0.0
	Early Childhood Development Education	-	-	-	0.0

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	General Administration, Planning and Support Services	2,000,000	-	2,000,000	0.0
	General administration	84,965,000	6,702,890	78,262,110	7.9
	KDS Programme	-	-	-	0.0
	Revenue Services Development Services	265,865,531	-	265,865,531	0.0
	Treasury Accounts	20,200,000	-	20,200,000	0.0
Fiscal Planning		-	-	-	**0.0**
	Tiaty sub-county (Administration)	-	-	-	0.0
Budget		-	-	-	**0.0**
	Baringo North sub-county	-	-	-	0.0
Accounting		-	-	-	**0.0**
	Baringo North sub-county	-	-	-	0.0
	Mogotio sub-county	-	-	-	0.0
	Baringo South sub-county	-	-	-	0.0
	Baringo central sub-county	-	-	-	0.0
	Tiaty sub-county (Administration)	-	-	-	0.0
	Eldama Ravine sub-county	-	-	-	0.0
Procurement		-	-	-	**0.0**
	Baringo South sub-county	-	-	-	0.0
Internal Audit		-	-	-	**0.0**
	Mogotio sub-county	-	-	-	0.0
Revenue Management Services		-	-	-	**0.0**
	Eldama Ravine sub-county	-	-	-	0.0
Monitoring & Evaluation		**53,134,618**	**8,283,449**	**44,851,169**	**15.6**
	Economic Planning, Budget, Monitoring and Evaluation Services	53,134,618	8,283,449	44,851,169	15.6
Plant Disease Control		-	-	-	**0.0**
	KDS Programme	-	-	-	0.0
Transport		**976,324,441**	**268,500**	**976,055,941**	**0.0**
	Urban Infrastructure Development	-	-	-	0.0
	Rural Infrastructure Development	962,624,268	-	962,624,268	0.0
	General administration	13,700,173	268,500	13,431,673	2.0
County Roads		-	-	-	**0.0**
	General Administration, Planning and support services	-	-	-	0.0
	Development and Rehabilitation of rural roads and structures	-	-	-	0.0
Industrial Development Services		**121,213,733**	-	**121,213,733**	**0.0**
	Co-operative services Dev	79,133,733	-	79,133,733	0.0
	Tourism Development & Marketing	-	-	-	0.0
	Trade Development	42,080,000	-	42,080,000	0.0
	Industrial Development services	-	-	-	0.0
Trade Development & Management Services		**11,855,092**	**438,070**	**11,417,022**	**3.7**

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	General administration	11,855,092	438,070	11,417,022	3.7
	Trade Development	-	-	-	0.0
Education		**384,990,006**	**2,532,525**	**382,457,481**	**0.7**
	General Administration, Planning and support services	-	-	-	0.0
	Early Childhood Development Education	341,900,006	-	341,900,006	0.0
	General administration services	43,090,000	2,532,525	40,557,475	5.9
	Special Programmes	-	-	-	0.0
ICT		-	-	-	**0.0**
	Vocational Training	-	-	-	0.0
Youth Polytechnics		-	-	-	**0.0**
	Vocational Training	-	-	-	0.0
County Health Services		**845,636,888**	**53,701,775**	**791,935,113**	**6.4**
	Curative and Rehabilitative Services	32,102,225	-	32,102,225	0.0
	Preventive and Promotive Health Services	387,288,839	491,852	386,796,987	0.1
	Health/preventive services	21,000,000	-	21,000,000	0.0
	General administration	405,245,824	53,209,923	352,035,901	13.1
Promotion Of Primary Health Care		-	-	-	**0.0**
	General administration	-	-	-	0.0
Lands		**69,463,132**	-	**69,463,132**	**0.0**
	Land Use Planning	-	-	-	0.0
	Livestock Development and Management	29,026,000	-	29,026,000	0.0
	Land Administration	21,033,300	-	21,033,300	0.0
	General administration	19,403,832	-	19,403,832	0.0
		-	-	-	0.0
	Other Urban Infrastructure development and management	-	-	-	0.0
	Urban Development-Kabarnet	-	-	-	0.0
Land Survey & Mapping		**87,939,205**	**440,814**	**87,498,391**	**0.5**
	Urban Development-Eldama ravine	-	-	-	0.0
	Civic Education Development Services	20,000,000	-	20,000,000	0.0
	General administration	3,584,129	440,814	3,143,315	12.3
	Land Administration	64,355,076	-	64,355,076	0.0
Housing		**52,413,656**	**562,000**	**51,851,656**	**1.1**
	Inter and Intra -governmental Relations services	45,654,499	-	45,654,499	0.0
	Other Urban Infrastructure development and management	-	-	-	0.0
	General administration	6,759,157	562,000	6,197,157	8.3
Agricultural Services		**564,743,650**	-	**564,743,650**	**0.0**
	Livestock Development and Management	499,712,946	-	499,712,946	0.0
	Improved livestock Production	150,000	-	150,000	0.0

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Agricultural mechanisation services	10,500,000	-	10,500,000	0.0
	General administration	14,869,781	-	14,869,781	0.0
	Fisheries Development and Management	-	-	-	0.0
	Agricultural Development	24,344,323	-	24,344,323	0.0
	Agricultural training services	-	-	-	0.0
	Crop Production and Management	15,166,600	-	15,166,600	0.0
Culture Services		**189,692,598**	**639,200**	**189,053,398**	**0.3**
		-	-	-	0.0
	Sports Development	-	-	-	0.0
		14,892,453	639,200	14,253,253	4.3
		174,800,145	-	174,800,145	0.0
Sports Development & Management Services		-	-	-	**0.0**
	General administration	-	-	-	0.0
	Sports Development	-	-	-	0.0
		-	-	-	0.0
Water Management Services		**1,067,013,306**	**12,663,135**	**1,054,350,171**	**1.2**
		1,022,057,794	1,706,768	1,020,351,026	0.2
		44,955,512	10,956,367	33,999,145	24.4
		-	-	-	0.0
Environment Administration & Planning		**13,301,809**	**715,542**	**12,586,267**	**5.4**
		-	-	-	0.0
		13,301,809	715,542	12,586,267	5.4
Environmental & Natural Resource Protection Management		**137,767,388**	-	**137,767,388**	**0.0**
		-	-	-	0.0
		137,767,388	-	137,767,388	0.0
		-	-	-	0.0
		-	-	-	0.0
		-	-	-	0.0
		-	-	-	0.0
Headquarters		-	-	-	**0.0**
	Inter and Intra -governmental Relations services	-	-	-	0.0
Headquarters		**17,922,030**	**2,650,000**	**15,272,030**	**14.8**
		-	-	-	0.0
		17,922,030	2,650,000	15,272,030	14.8
	Grand Total	**9,317,307,680**	903,101,193	**8,414,206,487**	**9.7**

Source: *Baringo County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Water Management Services in the Department of Water & Irrigation at 24.4 per cent, followed by General Administration the in the Department of County Executive Services at 24.3 per cent, Inter & Intra -Governmental Relations services in the Department of County Executive Services at 21.6 per cent, Mogotio Sub- County at 22.1 per cent in the County Executive Services Department, and finally Baringo North Sub-County at 20.6 per cent in the County Executive of their budget allocation.

3.2.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.43.81 million against an annual projection of Kshs.312.47 million represented 14 per cent of the yearly target.
2. Diversion of funds by the County Treasury and poor budgeting practice, as shown in Table 3-4, where the County incurred expenditure over approved exchequer issues in some departments, further evidenced in the Department of Health, where Kshs.32.93 million was spent at the source without transmission into the CRF account and authority to incur the expenditure.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, contrary to the requirement of Section 168 of the PFM Act, 2012. The reports for the Bursary Fund, Emergency Fund, Small & Medium Enterprise Fund, Co-operative Development Fund, County Executive Car Loan & House Mortgage Scheme, and Community Wildlife Conservation Fund were not submitted to the Controller of Budget.
4. The high figure of pending bills, of Kshs.349.38 million as of 30th September 2022, despite the availability in the CRF of Kshs.1.17 billion at the end of the First Quarter of FY 2022/23.
5. Use of manual payroll where personnel emoluments amounting to Kshs.18.46 million were processed through the manual payroll, accounting for 2.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds due to poor controls.

The County should implement the following recommendations to improve budget execution;

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the recruitment of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.3 County Government of Bomet

3.3.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.7.85 billion, comprising Kshs.2.27 billion (28.9 per cent) and Kshs.5.58 billion (71.1 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 6.0 per cent compared to the previous financial year when the approved budget was Kshs.8.35 billion and comprised of Kshs.2.79 billion towards development expenditure and Kshs.5.56 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.69 billion (85.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.300.00 million (3.8 per cent) from its sources of revenue, and a cash balance of Kshs.399.91 million (5.1 per cent) from FY 2021/22. The County also expects to receive Kshs.457.16 million (5.8 per cent) as conditional grants, of which shs.110.64 million is for the Leasing of Medical Equipment, Kshs.100 million is for Kenya Devolution Support Programme (Level 1 & 2 Grant), Kshs.11.61 million is for HSSF DANIDA, Kshs.219.32 million for IDA Kenya Climate Smart Programme, and Kshs.15.59 million for Agriculture Sector Development Support Programme.

3.3.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.10 billion as the equitable share of the revenue raised nationally, raised Kshs.17.44 million as own-source revenue and had a cash balance of Kshs.853.15 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.97 billion, as shown in Table 3-6

Table 3-6: Bomet County, Revenue Performance in the First Quarter of FY 2022/23

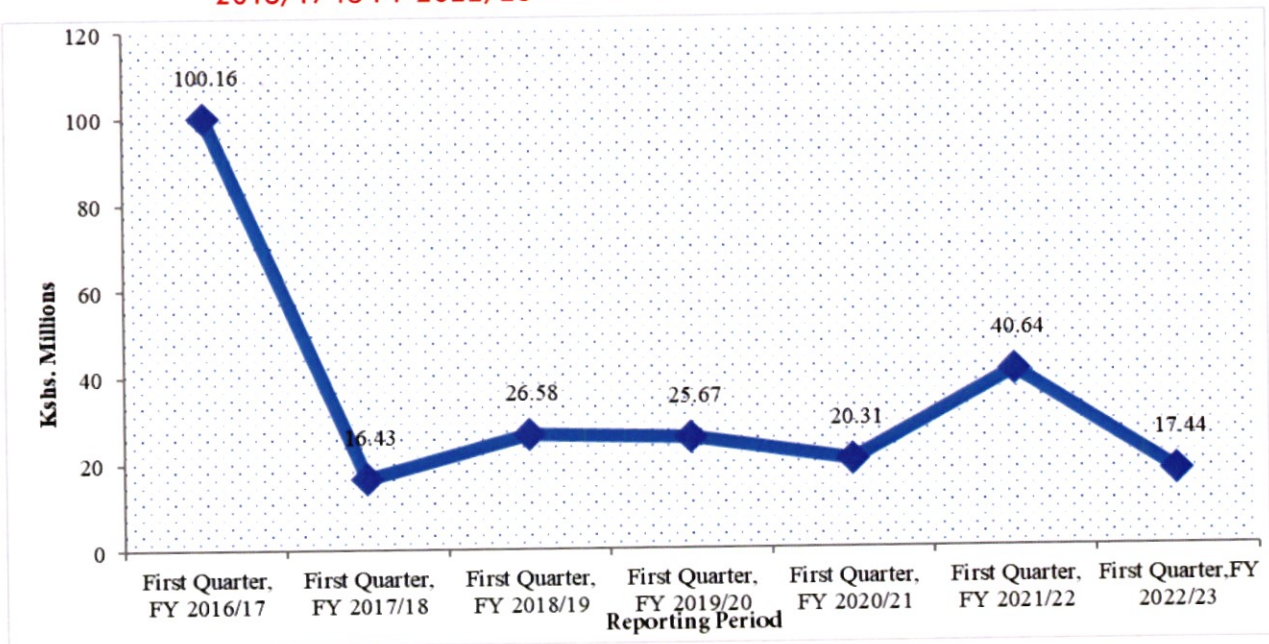
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,691,099,118	1,104,031,354	16.5
Sub Total		**6,691,099,118**	**1,104,031,354**	**16.5**
B	***Other Sources of Revenue***			
1.	Conditional Grant - Leasing of Medical Equipment	110,638,298	-	-
2.	KDSP (Level 1 & 2 Grant) B/F	100,000,000	-	-
3.	HSSF Danida	11,605,800	-	-
4.	IDA Kenya/Climate action	11,000,000	-	-
5.	IDA Kenya/Climate action/Development	125,000,000	-	-
6.	IDA Kenya Climate Smart Programme	83,323,430	-	-
7.	Agriculture Sector Development Support Programme (ASDSP)	15,590,699	-	-
8.	***Own Source Revenue***	300,000,000	17,443,378	5.8
9.	Unspent balance from FY 2021/22	399,911,732	853,146,760	213.3
Sub Total		**1,157,069,959**	**870,590,138**	**75.2**
Grand Total		**7,848,169,077**	**1,974,621,491**	**25.2**

Source: Bomet County Treasury

The actual unspent balances of FY 2021/22 were more than those budgeted for in the Approved Budget and thus more than 100 per cent, as indicated in Table 1 above. No conditional grant was released in the First Quarter of FY 2022/23.

Figure 3-4 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

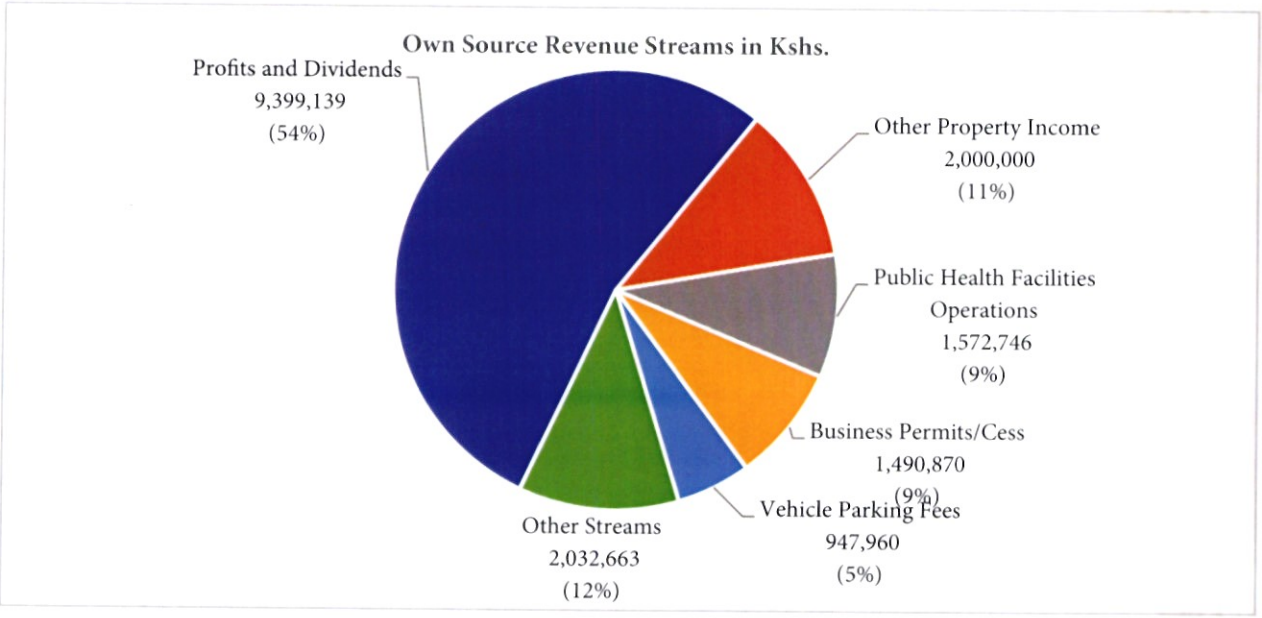
Figure 3-4: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Bomet County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.17.44 million as own-source revenue. This amount represented a decrease of 57.1 per cent compared to Kshs.40.64 million realised in a similar period in FY 2021/22 and was 5.8 per cent of the annual target and 1.6 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-5.

Figure 3-5: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Bomet County Treasury

The highest revenue stream was from profits and dividends arising from farming activities. The country has an 800 acre farm in Konoin sub county where tea is grown.

3.3.3 Exchequer Issues

The Controller of Budget approved Kshs.1.03 billion in withdrawals from the CRF account during the reporting period, which was entirely for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.818.35 million for compensation to employees and Kshs.213.72 million for Operations & Maintenance expenditures.

The cash available in the County Revenue Fund Account on 30th September 2022 was Kshs.627.01 million. Additionally, there were Kshs.308.71 million and Kshs.7.66 million, respectively, in the Special Purpose Accounts (for the donor funds) and the Established Funds accounts of the County that were reported during the beginning of the financial year and which had not been expended.

3.3.4 County Expenditure Review

The County spent Kshs.997.17 million on recurrent programmes during the reporting period. This expenditure represented 96.6 per cent of the total funds released by the CoB and an absorption rate of 17.9 per cent of the annual recurrent expenditure budget.

3.3.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.35.13 million, which was entirely for development activities. However, in the period under review, the County Treasury revised the pending bills stock to Kshs.682.37 million, comprising Kshs.56.83 million for recurrent expenditure and Kshs.625.54 million for development programmes.

3.3.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.703.87 million on employee compensation and Kshs.225.80 million on operations and maintenance. Similarly, the County Assembly spent Kshs.37.56 million on employee compensation and Kshs.29.93 million on operations and maintenance, as shown in Table 3-7.

Table 3-7: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,820,696,490**	**761,143,848**	**929,676,912**	**67,492,892**	**19.3**	**8.9**
Compensation to Employees	2,930,433,665	317,299,238	703,874,651	37,561,685	24.0	11.8
Operations and Maintenance	1,890,262,825	443,844,610	225,802,261	29,931,207	11.9	6.7
Development Expenditure	**2,016,328,739**	**250,000,000**	**0**	**0**	**0.0**	**0.0**
Total	**6,837,025,229**	**1,011,143,848**	**929,676,912**	**67,492,892**	**13.6**	**6.7**

Source: Bomet County Treasury

3.3.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.818.35 million was 41.4 per cent of the realised revenue of Kshs.1.97 billion and included Kshs.197.15 million attributable to the health sector, which translated to 24.1 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.501.00 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.317.36 million was paid through manual payroll. The manual payroll accounted for 38.8 per cent of the total P.E costs and is due to delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly spent Kshs.772,500 on committee sitting allowances for the 38 MCAs and the Speaker against the annual budget allocation of Kshs.32.63 million, which was 2.6 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.6,603 per MCA. The County Assembly has established 15 Committees.

3.3.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Ksh.144.50 million to county-established funds in FY 2022/23, constituting 1.8 per cent of the County's overall budget for the year. Table 3-8 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-8: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Bursary Fund	56,496,660	0	0	NO
2.	Revolving Fund	20,000,000	0	0	NO
3.	Car and Mortgage	13,000,000	0	0	NO
4.	Emergency Fund	15,000,000	0	0	NO
County Assembly Established Funds					
5.	Car and Mortgage	40,000,000	0	0	NO
	Total	**144,496,660**	**0**	**0**	

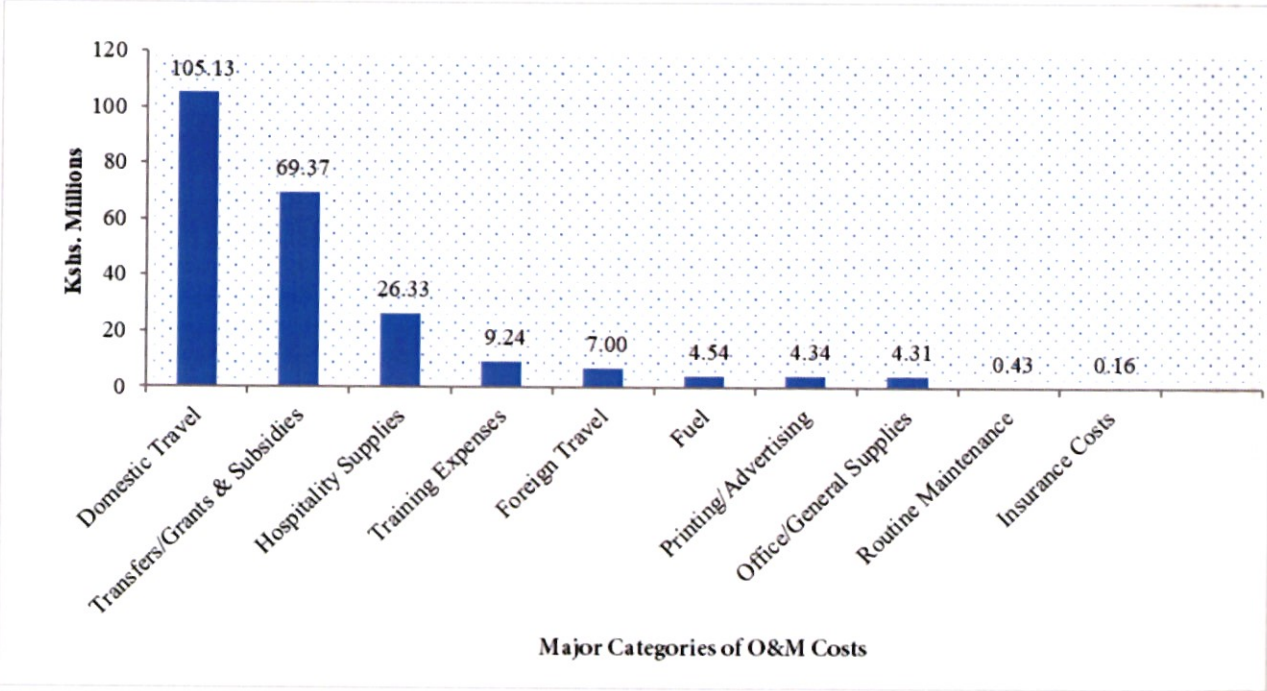
Source: *Bomet County Treasury*

The County did not submit quarterly financial returns from the Fund Administrators of the funds to the CoB, as indicated in Table 3-8, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.3.9 Expenditure on Operations and Maintenance

Figure 3-6 summarises operations and maintenance expenditure by significant categories.

Figure 3-6: Bomet County, Operations and Maintenance Expenditure by Major Categories



Source: *Bomet County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.105.13 million and comprised of Kshs.18.31 million spent by the County Assembly and Kshs.86.83 million by the County Executive. Expenditure on foreign travel amounted to Kshs.7 million, which the County Executive incurred.

3.3.10 Development Expenditure

In the First Quarter of FY 2022/23, the County did not report any expenditure on development programmes compared to a similar period in FY 2021/22 when the County spent Kshs.154.24 million.

3.3.11 Budget Performance by Department

Table 3-9 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-9: Bomet County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Administration and Public Service	2,147.70	67.09	504.90	-	467.35	-	92.6	0.0	21.8	0.0
Finance, Economic Planning & ICT	233.84	338.93	27.03	-	90.16	-	333.6	0.0	38.6	0.0
Agriculture, Livestock and Co-operatives	72.91	281.91	-	-	7.31	-	0.0	0.0	10.0	0.0
Water Sanitation and Environment	157.18	379.11	8.30	-	0.30	-	3.6	0.0	0.2	0.0
Education and Vocational Training	135.88	206.74	-	-	3.34	-	0.0	0.0	2.5	0.0
Lands, Housing and Urban Planning	98.03	65.00	-	-	-	-	0.0	0.0	0.0	0.0
Roads, Public Works and Transport	99.67	395.33	-	-	6.00	-	0.0	0.0	6.0	0.0
Trade, Energy, Tourism and Industry	18.27	50.00	-	-	-	-	0.0	0.0	0.0	0.0
Youth, Sports, Gender and Culture	55.63	19.50	-	-	-	-	0.0	0.0	0.0	0.0
Medical Services and Public Health	1,801.59	212.72	421.90	-	355.23	-	84.2	0.0	19.7	0.0
County Assembly	761.14	250.00	69.94	-	67.49	-	96.5	0.0	8.9	0.0
Total	**5,581.84**	**2,266.33**	**1,032.07**	**-**	**997.17**	**-**	**96.6**	**0.0**	**17.9**	**0.0**

Source: *Bomet County Treasury*

Analysis of expenditure by department shows that the Department of Finance, Economic Planning & ICT had the highest percentage of recurrent expenditure to budget at 38.6 per cent. In contrast, the Department of Lands, Housing and Urban Planning, Trade, Energy, Tourism and Industry, and Youth, Sports, Gender and Culture did not report any expenditure during the period under review. There was no expenditure on development for the First Quarter of FY 2022/23.

The allocation for the County Assembly is above the CARA 2022 ceiling of Kshs.621,143,848 by Kshs.140.00 million, to be corrected during the supplementary budget process.

3.3.12 Budget Execution by Programmes and Sub-Programmes

Table 3-10 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-10: Bomet County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2022 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Administration and Public Service							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2022 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Administration and Public Service	County Executive	181,673,227	-	51,210,000	-	28.2	0.0
	County PSB	37,277,376	45,089,411	9,000,000	-	24.1	0.0
	Administration/Governance	29,695,962	22,000,000	4,600,000	-	15.5	0.0
	Public Service	1,899,058,051	-	402,537,379	-	21.2	0.0
	Sub Total	**2,147,704,616**	**67,089,411**	**467,347,379**	-	**21.8**	**0.0**
Finance, Economic Planning and ICT							
Finance	Administration	135,066,000	64,934,000	63,448,500	-	47.0	0.0
	Subtotal	135,066,000	64,934,000	63,448,500	-	**47.0**	0.0
Economic Planning	Administration	37,256,683	260,000,000	22,680,000	-	60.9	0.0
	Budget Preparation & Management	7,400,528	-	1,000,000	-	13.5	0.0
	M & E Services	4,345,766	-	-	-	0.0	0.0
	Planning & Statistics	27,290,556	-	3,029,600	-	11.1	0.0
	Subtotal	**76,293,532**	**260,000,000**	**26,709,600**	-	**35.0**	**0.0**
ICT	Administration	22,478,654	14,000,000	-		0.0	0.0
	Subtotal	22,478,654	14,000,000	-		**0.0**	0.0
Agriculture, Livestock and Cooperatives							
Agriculture	Administration	41,907,309	-	-	-	0.0	0.0
	Crop Management	-	137,414,129	-	-	0.0	0.0
	Food & Nutrition Security	-	*9,500,000*	-	-	0.0	**0.0**
	Subtotal	***41,907,309***	***146,914,129***	-	-	**0.0**	**0.0**
Livestock, Fisheries & Veterinary Services	Livestock Development	-	*11,500,000*	-	-	0.0	0.0
	Fisheries Development	-	5,200,000	-	-	0.0	0.0
	Veterinary Services	-	48,800,000	-	-	0.0	0.0
	Subtotal	-	***65,500,000***	-	-	**0.0**	**0.0**
Cooperatives and Enterprise Development	Administration	31,000,000		7,305,000	-	23.6	0.0
	Policy Formulation & Admin	-	3,500,000	-	-	0.0	0.0
	Co-operative Development	-	39,989,000	-	-	0.0	0.0
	Value Addition & Marketing	-	10,502,633	-	-	0.0	0.0
	Enterprise Development	-	15,500,000	-	-	0.0	0.0
	Subtotal	**31,000,000**	**69,491,633**	**7,305,000**	-	**23.6**	**0.0**
Water Sanitation and Environment							
Water and Irrigation	Administration	130,286,220	6,000,000	300,000	-	0.2	0.0
	Development of Water Supply for Domestic and Commercial purposes	0	179,107,100	-	-	0.0	0.0
	Irrigation Development	0	3,000,000	-	-	0.0	0.0
	Subtotal	**130,286,220**	**188,107,100**	**300,000**	-	**0.2**	**0.0**

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2022 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Waste Water management	Waste water management	0	1,000,000	-	-	0.0	0.0
	Subtotal	**0**	**1000000**	**0**	**0**	**0.0**	**0.0**
Environment & Natural resources	Administration	26,892,900	600,000	-	-	0.0	0.0
	Environmental and natural resources protection and conservation	0	189,400,000	-	-	0.0	0.0
	Subtotal	**26,892,900**	**190,000,000**	-	-	**0.0**	**0.0**
Education and Vocational Training							
Education and Vocational Training	Policy Planning & General Administration	135,879,750	-	3,340,801	-	2.5	0.0
	Early Childhood Development and Education	-	176,200,000	-	-	0.0	0.0
	Technical Vocational Educational and Training	-	30,544,433	-	-	0.0	0.0
	Subtotal	**135,879,750**	**206,744,433**	**3,340,801**	-	**2.5**	0.0
Lands, Housing and Urban Planning							
Lands, Housing and Urban Planning	Lands	12,065,000	35,000,000	-	-	0.0	0.0
	Urban Management	23,615,218	20,000,000	-	-	0.0	0.0
	Housing Development	9,350,000	-	-	-	0.0	0.0
	Municipality	53,000,000	10,000,000	-	-	0.0	0.0
	Subtotal	**98,030,218**	**65,000,000**	-	-	**0.0**	0.0
Roads, Public Works and Transport							
Roads, Public Works and Transport	Policy planning and administrative services	99,673,772	2,500,000	6,000,000	-	6.0	0.0
	Roads Construction & Maintenance	-	292,326,228	-	-	0.0	0.0
	Development and Maintenance of other Public works	-	71,000,000	-	-	0.0	0.0
	County Transport Infrastructure	-	29,500,000	-	-	0.0	0.0
	Subtotal	**99,673,772**	**395,326,228**	**6,000,000**	-	**6.0**	0.0
Trade, Energy, Tourism and Industry							
Trade, Energy, Tourism and Industry	Administration	18,269,882	-	-	-	0.0	0.0
	Trade Development	-	12,000,000	-	-	0.0	0.0
	Energy Development	-	11,000,000	-	-	0.0	0.0
	Tourism Development	-	10,000,000	-	-	0.0	0.0
	Industry	-	9,000,000	-	-	0.0	0.0
	Investment	-	8,000,000	-	-	0.0	0.0
	Subtotal	**18,269,882**	**50,000,000**	-	-	**0.0**	0.0
Youth, Sports, Gender and Culture							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2022 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Youth, Sports, Gender and Culture	Policy Development and Administrative Services	8,626,300	19,500,000	-	-	0.0	0.0
	Gender, Children Services and Social Protection	47,000,000	-	-	-	0.0	0.0
	Subtotal	**55,626,300**	**19,500,000**	-	-	**0.0**	0.0
Medical Services and Public Health							
Medical Services and Public Health	Administration, Planning and Support Services	1,266,555,662	-	309,607,632	-	24.4	0.0
	Policy Development	5,000,000	-	-	-	0.0	0.0
	Healthcare financing – transfers to health facilities	188,019,221	-	45,618,000	-	24.3	0.0
	Curative Services	215,383,102	-	-	-	0.0	0.0
	Preventive and Promotive Services	111,629,352	-	-	-	0.0	0.0
	Reproductive Health Services	15,000,000	-	-	-	0.0	0.0
	Health Infrastructure Development	-	212,721,805	-	-	0.0	0.0
	Subtotal	**1,801,587,337**	**212,721,805**	**355,225,632**	-	**19.7**	0.0
The County Assembly							
County Assembly	General Administration, Human Resources and Administrative Services	431,223,893	250,000,000	48,347,692	-	11.2	0.0
	Legislative Services	290,313,576	-	19,145,200	-	6.6	0.0
	Oversight and Representation	39,606,379	-	-	-	0.0	0.0
	Subtotal	**761,143,848**	**250,000,000**	**67,492,892**	-	**8.9**	**0.0**
Grand Total		**5,581,840,338**	**2,266,328,739**	**997,169,804**	-	**17.9**	**0.0**

Source: *Bomet County Treasury*

Sub-programmes with the highest levels of recurrent budget implementation based on absorption rates were: Finance Administration and Economic Planning in the Department of Finance and Economic Planning at 47.0 and 35.0 per cent, respectively, and Cooperatives & Enterprise Development in the Department of Trade, Energy, Tourism and Industry at 23.6 per cent of budget allocation.

3.3.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.17.44 million against an annual projection of Kshs.300 million, representing 5.8 per cent of the yearly target.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Bursary Fund, Revolving Fund and Mortgage/Car Loan Fund were not submitted to the Controller of Budget.
3. High pending bills amounting to Kshs.682.37 million as of 30th September 2022, despite the availability of cash in the CRF of shs.627.01 million at the end of the First Quarter of FY 2022/23.

Use of manual payroll. Personnel emoluments amounting to Kshs.317.36 million were processed through the manual payroll and accounted for 38.8 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds due poor controls.

The County should implement the following recommendations to improve budget execution;

1. *The County should address its source revenue performance to ensure the approved budget is fully financed.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.4 County Government of Bungoma

3.4.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.12.91 billion, comprising Kshs.3.84 billion (29.7 per cent) and Kshs.9.08 billion (70.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is an improvement of 1.2 per cent compared to the previous financial year when the approved budget was Kshs.12.76 billion and comprised of Kshs.3.77 billion towards development expenditure and Kshs.8.99 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.10.66 billion (82.5 per cent) as the equitable share of revenue raised nationally, generate Kshs.700 million (5.42 per cent) from its sources of revenue, Kshs.698.52 million (5.41 per cent) as Appropriations- in- Aid. The County also expects to receive Kshs.856.32 million (6.63 per cent) as conditional grants, which consist of Kshs.280.53 million (2.2 per cent) as World bank Agricultural and Rural Growth Projects, Kshs.300.98 million (2.3 per cent) as Urban support programme (Development), Kshs.11.00 million (0.1 per cent) as Urban support programme (Recurrent), Kshs.112.82 million (0.9 per cent) as Kenya Devolution Support Programme- Level 11, Kshs.50.0 million (0.39 per cent) KISP II (Kenya Informal Settlement Improvement Project), Kshs.1.57 million (0.01) as UNICEF, Kshs.52.97 million(0.41 per cent) Universal Health Care Project, Kshs.26.75 million(0.21 per cent) as ASDSP II. The County did not budget for unspent cash balances from the previous financial year.

3.4.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.76 billion as the equitable share of the revenue raised nationally, raised Kshs.55.03 million as own-source revenue, Kshs.114.06 million as Appropriation in Aid, and Kshs.0.43 million as conditional grants. The total funds available for budget implementation during the period amounted to Kshs.1.93 billion, as shown in Table.

Table 3-11: Bungoma County, Revenue Performance in the First Quarter of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	10,659,435,192	1,758,806,806	16.5
1.	**Sub Total**			
1. B	***Other Sources of Revenue***			
2.	***Own Source Revenue***	700,000,000	55,026,436	7.9
3.	Appropriation in Aid	698,524,891	35,697,559	5.1

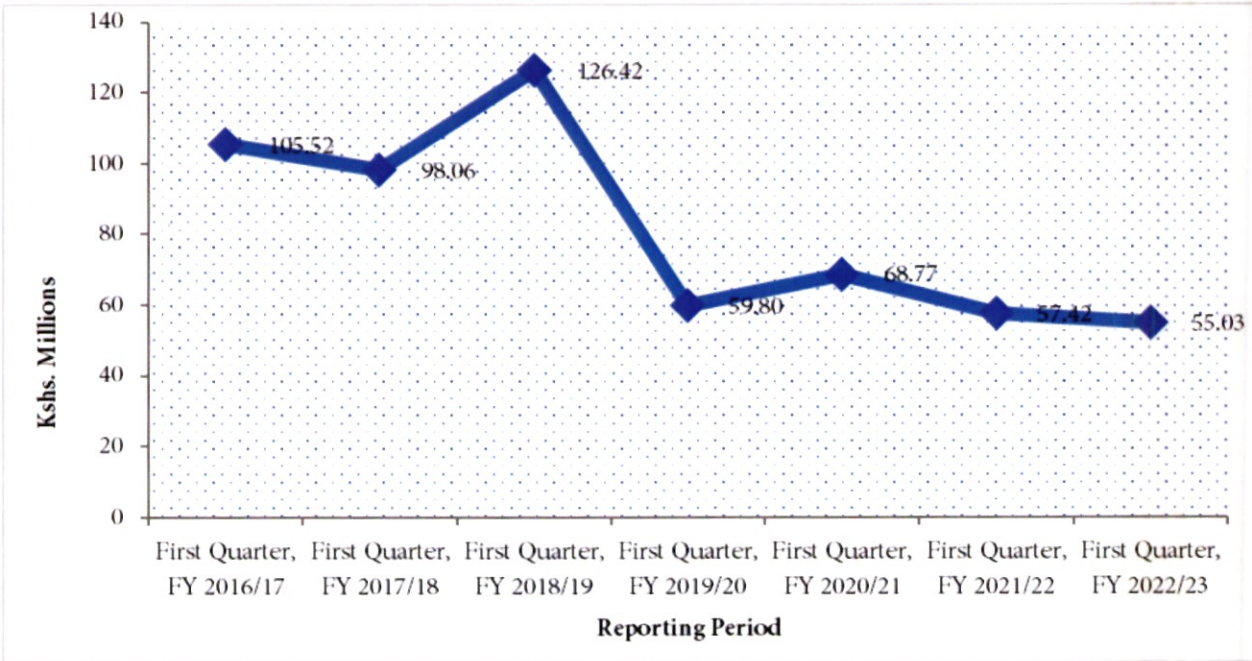
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
4.	World Bank Agricultural and Rural Growth Projects	280,530,114	431,645	0.2
5.	Kenya Devolution Support Programme- Level 11	112,815,048	-	-
6.	Urban support programme (Development)	300,977,100	-	-
7.	Urban support programme (Recurrent)	11,000,000	-	-
8.	KISP II (Kenya Informal Settlement Improvement Project)	50,000,000	-	-
9.	UNICEF	1,571,000	-	-
	Universal Health Care Project	52,969,787	-	-
10.	DANIDA	19,705,125	-	-
11.	ASDSP II	26,752,122	-	-
Sub Total		**2,254,845,187**	**91,155,640**	**4.0**
Grand Total		**12,914,280,379**	**1,849,962,446**	**14.3**

Source: Bungoma County Treasury

The conditional grants which were not released in the First Quarter of FY 2022/23 were; - Kenya Devolution Support Programme- Level 11, Urban support programme (Development), Urban support programme (Recurrent), KISP II (Kenya Informal Settlement Improvement Project), UNICEF grant, Universal Health Care Project, DANIDA and ASDSP II.

Figure 3-7 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

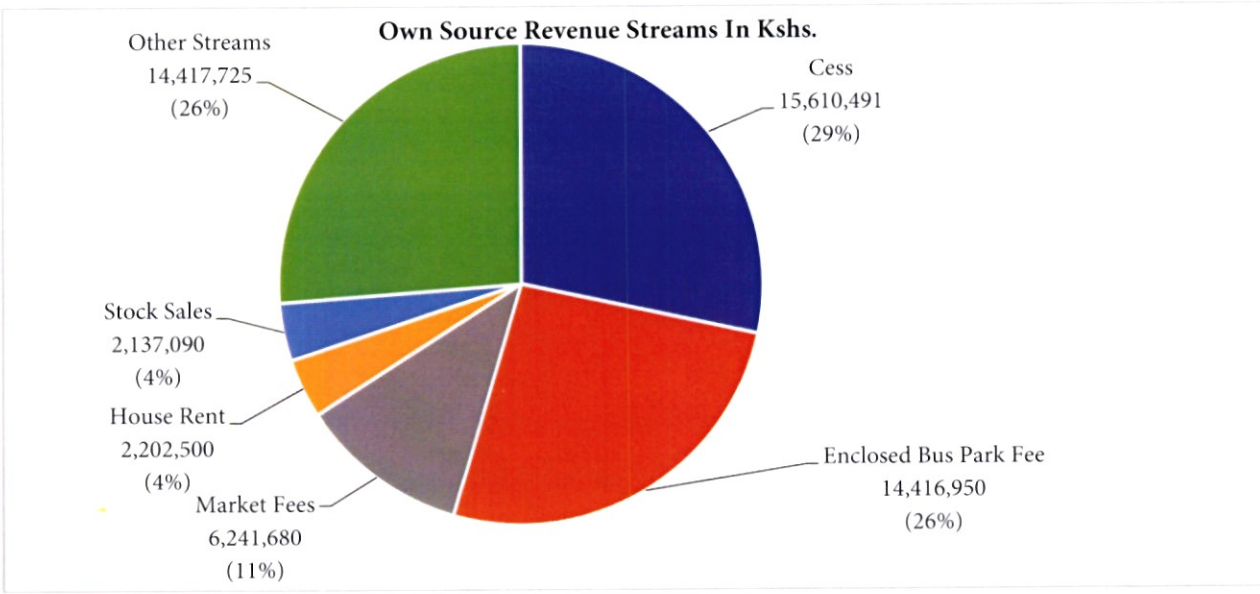
Figure 3-7: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Bungoma County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.55.03 million as own-source revenue. This amount represented a decrease of 4.2 per cent compared to Kshs.57.42 million realised in a similar period in FY 2021/22 and was 7.9 per cent of the annual target and 3.1 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-8.

Figure 3-8: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: *Bungoma County Treasury*

The highest revenue stream was from Cess of Kshs.15.6 million, which contributed 29 per cent of the total OSR collected in the first quarter of FY 2022/23

3.4.3 Exchequer Issues

The Controller of Budget approved Kshs.1.66 billion in withdrawals from the CRF account during the reporting period. The amount comprised Kshs.6 million (0.4 per cent) for development programmes and Kshs.1.66 billion (99.6 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.1.26 billion for compensation to employees, Kshs.395.87 million for Operations and Maintenance expenditure and Kshs.6 million for development expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.135.07 million.

3.4.4 County Expenditure Review

The County spent Kshs.1.62 billion on recurrent programmes during the reporting period. This expenditure represented 97.2 per cent of the total funds released by the CoB and was entirely for recurrent expenditure programmes.

3.4.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.500.68 million, comprising Kshs.341.36 million for recurrent expenditure and Kshs.159.32 million for development activities. During the period under review, pending bills amounting to Kshs.269.51 million were settled, leaving a balance of Kshs.231.17 million as of 30th September 2022.

3.4.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.19 billion on employee compensation and Kshs.296.11 million on operations and maintenance. Similarly, the County Assembly spent Kshs.67.47 million on employee compensation and Kshs.67.40 million on operations and maintenance, as shown in Table 3-12.

Table 3-12: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**8,066,595,772**	**871,842,235**	**1,482,971,247**	**134,867,555**	**18.4**	**15.5**
Compensation to Employees	5,516,391,948	486,522,478	1,186,861,404	67,471,229	21.5	13.9
Operations and Maintenance	2,550,203,824	385,319,757	296,109,843	67,396,326	11.6	17.5
Development Expenditure	**3,819,096,645**	**20,000,000**	-	-	**0.0**	**0.0**
Total	**11,885,692,417**	**891,842,235**	**1,482,971,247**	**134,867,555**	**12.5**	**15.1**

Source: Bungoma County Treasury

3.4.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.1.25 billion was 65.1 per cent of the annual realised revenue of Kshs.1.93 billion and included Kshs.525.93 million attributable to the health sector, which translated to 41.9 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.1.25 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while there was no payment through manual payroll. The manual payroll is caused by delays in allocating Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly spent Kshs.2.83 million on committee sitting allowances for the 62 MCAs and the Speaker against the annual budget allocation of Kshs.25.65 million, 41.8 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.15,188 per MCA. The County Assembly has established 24 Committees. No bills or policy documents were processed during the period under review.

3.4.8 County Emergency Fund and County-Established Funds

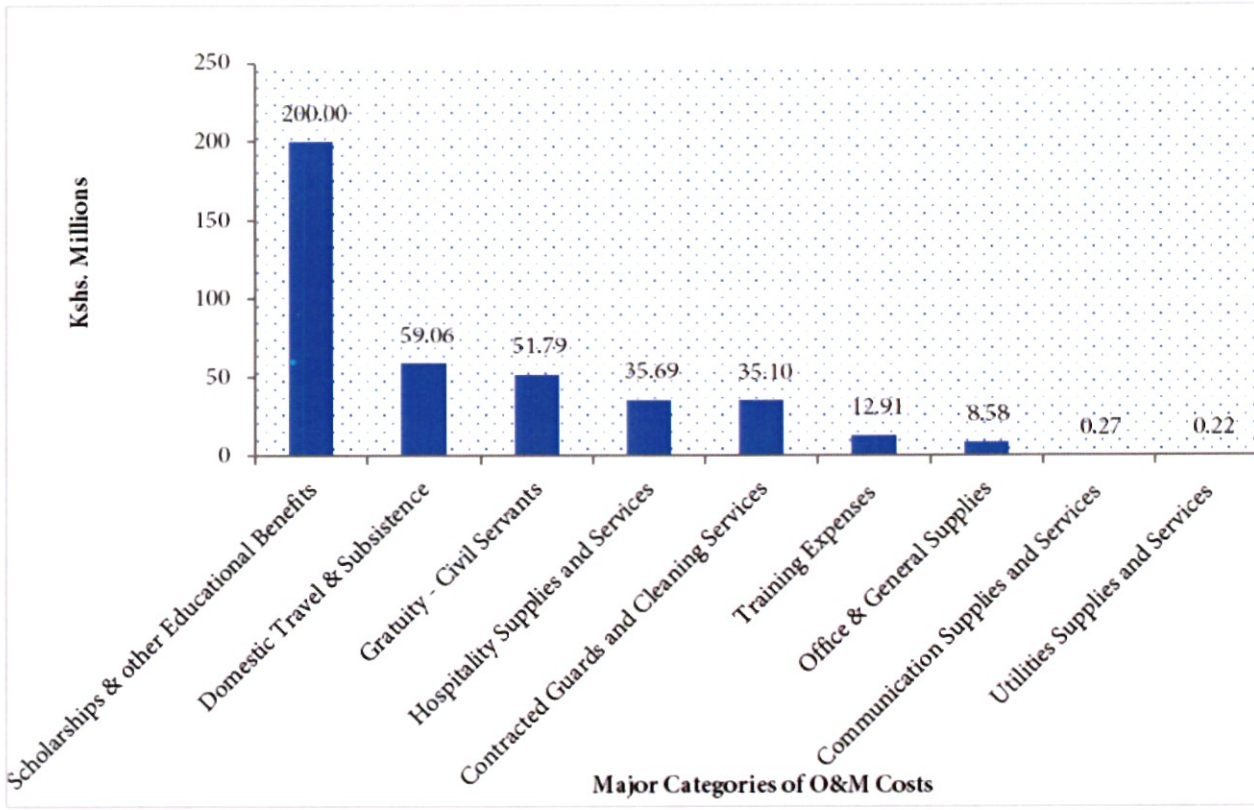
Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.400 million to the Bursary Fund in FY 2022/23, which constituted 3.0 per cent of the County's overall budget for the year. Actual expenditure was Kshs.200 million at the end of the First Quarter.

3.4.9 Expenditure on Operations and Maintenance

Figure 3-9 summarises operations and maintenance expenditure by significant categories.

Figure 3-9: Bungoma County, Operations and Maintenance Expenditure by Major Categories



Source: *Bungoma County Treasury*

3.4.10 Source: Bungoma County Treasury

During the period, expenditure on domestic travel amounted to Kshs.59.05 million and comprised of Kshs.17.05 million spent by the County Assembly and Kshs.42.00 million by the County Executive.

3.4.11 Development Expenditure

The County did not report any expenditure on development programmes despite having a development budget of Kshs.3.84 billion in the reporting period.

3.4.12 Budget Performance by Department

Table 3-13 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-13: Bungoma County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Fisheries and Cooperative Development	428.71	615.14	73.38	431,645	72.73		99.1	0.0	17.0	0.0
Tourism, Forestry, environment and natural resource and Water	284.76	278.16	48.21	-	48.21		100.0	0.0	16.9	0.0
Roads and Public works	153.35	1,489.33	17.76	-	17.76		100.0	0.0	11.6	0.0

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Education	1,569.37	252.19	438.24	-	438.24		100.0	0.0	27.9	0.0
Health and Sanitation	3,144.41	324.46	526.00	-	525.93		100.0	0.0	16.7	0.0
Trade, Energy and Industrialisation	48.65	81.45	6.69	-	6.01		89.8	0.0	12.4	0.0
Land, Urban and Physical Planning	104.10	345.43	7.30	-	7.96		109.0	0.0	7.6	0.0
Housing	26.69	86.81	2,32	-	2.32		100.0	0.0	8.7	0.0
Gender and Culture	132.11	186.45	10.01	-	10.01		100.0	0.0	7.6	0.0
County Assembly	871.84	20.00	136.98	-	134.86	-	98.5	0.0	15.5	0.0
Finance and Planning	1,221.10	-	174.37	-	149.32		85.6	0.0	12.2	0.0
County Public Service	30.91	-	1.65	-	1.65		100.0	0.0	5.3	0.0
Governor's Office	487.05	-	135.27	-	141.57		104.7	0.0	29.1	0.0
D/Governor's office	12.84	-	-	-	-		0.0	0.0	0.0	0.0
Public Administration	328.09	17.00	69.99	5.57	50.90		72.7	0.0	15.5	0.0
County Secretary	231.17	142.66	10.36		10.36		100.0	0.0	4.5	0.0
Total	**9,075.18**	**3,839.09**	**1,658.55**	**6.00**	**1,617.84**	-	**97.5**	**0.0**	**17.8**	**0.0**

Source: *Bungoma County Treasury*

Analysis of expenditure by department shows that the Office of the Governor had the highest percentage of recurrent expenditure to budget at 29.1 per cent. At the same time, the Office of the County Secretary did not report any expenditure. The County did not report any spending on development activities during the period under review.

Table 3-14 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-14: Bungoma County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
County Assembly					
General Administration and Support Services	General Administration and Support Services	890,853,117	134,867,555	755,985,562	15.1
Legislation services	Legislation services	7,785,000		7,785,000	0.0
Oversight	Oversight	31,904,402		31,904,402	0.0
Representation and outreach services	Representation and outreach services	153,299,716		153,299,716	0.0
General Infrastructure	General Infrastructure	41,359,406		41,359,406	0.0
Total		**1,125,201,641**	**134,867,555**	**990,334,086**	**12.0**
Agriculture, Livestock & Cooperative					
Programme 1: General Administration, planning and support services					
Administrative and Support Services	S.P 1.1 Administrative and Support Services	98,067,425		98,067,425	0.0
Human Resource Management and Development.	S.P 1.2 Human Resource Management and Development.	324,105,980	72,727,804	251,378,176	22.4

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Policy, Legal and Regulatory Framework	S.P 1.3: Policy, Legal and Regulatory Framework	7,600,000		7,600,000	0.0
Planning and Financial Management	S.P 1.4: Planning and Financial Management	11,615,043		11,615,043	0.0
Sector Coordination	S.P 1.5 Sector Coordination	4,000,000		4,000,000	0.0
Leadership and Governance	S.P 1.6: Leadership and Governance	2,000,000		2,000,000	0.0
Sub- County Administrative Costs	S.P 1.7 Sub-County Administrative Costs	21,600,000		21,600,000	0.0
Programme 2: Land and Crop Development and Management					
Agricultural extension and training services	S.P 2.1: Agricultural extension and training services	-			
Crop production and productivity	S.P 2.2: Crop production and productivity	179,970,400		179,970,400	0.0
Soil rehabilitation, protection and conservation	SP 2.4 Soil rehabilitation, protection and conservation	-			
Value addition and Agro-processing	SP 2. 5 Value addition and Agro-processing	8,000,000		8,000,000	0.0
Agri nutrition and food utilisation	SP 2.6 Agri nutrition and food utilisation	-			
Irrigation Extension and training	SP 2.7 Irrigation Extension and training	1,080,000		1,080,000	0.0
Irrigation infrastructure development and agricultural water storage	SP 2.8 Irrigation infrastructure development and agrarian water storage	-			
Programme 3: Livestock development and management					
Livestock production extension, Training and Information Services	SP 3.1 Livestock production extension, Training and Information Services	13,890,000		13,890,000	0.0
Value addition and processing	SP 3.2 Value addition and processing	96,300,000		96,300,000	0.0
Livestock production value chain development (Dairy, Poultry, Honey & Rabbit value chains)	SP 3.3 Livestock production value chain development (Dairy, Poultry, Honey & Rabbit value chains)	-			
Disease and Vector Control	SP 3.4 Disease and Vector Control	7,000,000		7,000,000	0.0
Food Safety and Quality Control	SP 3.5 Food Safety and Quality Control	5,500,000		5,500,000	0.0
Leather Development	SP 3.6 Leather development				
Veterinary Extension Services	SP 3.7 Veterinary Extension Services	3,600,000		3,600,000	0.0
Breeding and AI Subsidy programme	SP 3.8 Breeding and AI Subsidy programme	3,000,000		3,000,000	0.0
Ward Based Projects	Ward Based Projects	5,820,000		5,820,000	0.0
Programme 4: Fisheries development and management					
Fisheries extension service and training	SP 4.1 Fisheries extension service and training	3,000,000		3,000,000	0.0
Fisheries product value-chain development	SP 4.2 Fisheries product value-chain development	3,500,000		3,500,000	0.0
Programme 5: Cooperatives Development and Management					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Co-operatives extension service and training (Co-operative Governance (Training))	SP 5.1 Co-operatives extension service and training (Co-operative Governance (Training))	-			
Cooperatives Audit Services	SP 5.2 Cooperatives Audit Services	-			
Production, Agro-processing, value addition & Marketing (Input and Infrastructural Support to Co-operatives)	SP 5.3 Production, Agro-processing, value addition & Marketing (Input and Infrastructural Support to Co-operatives)	49,300,000		49,300,000	0.0
Programme 6: Institutional Development and Management					
Mabanga ATC Administration management services	SP 6.1 Mabanga ATC Administration management services			0	
Agricultural Enterprise Development (ATC)	SP 6.2 Agricultural Enterprise Development (ATC)	6,560,000		6,560,000	0.0
Infrastructural development (ATC)	SP 6.3 Infrastructural development (ATC)	11,960,000		11,960,000	0.0
Agricultural mechanisation extension	SP 6.4 Agricultural mechanisation extension	-		0	
Tractor hire services	SP 6.5 Tractor hire services	5,000,000		5,000,000	0.0
General administrative services (CFF)	SP 6.6 General administrative services (CFF)			0	
Technology transfer (CFF)	SP 6.7 Technology transfer (CFF)	-		0	
Operational development (CFF)	SP 6.8 Operational development (CFF)	10,300,000		10,300,000	0.0
Infrastructural development (CFF)	SP 6.9 Infrastructural development (CFF)	-		0	
NARIGP	NARIGP	74,593,152		74,593,152	0.0
ASDSP II	ASDSP II	30,756,000		30,756,000	0.0
Ward Based Projects	Ward Based Projects	11,058,000		11,058,000	0.0
Total Expenditure of Vote		**999,176,000**	**72,727,804**	**926,448,196**	**7.3**
Health and Sanitation					
Programme1: General Administration and Planning, and Support Services		2,865,372,763	525,929,598	2,339,443,165	18.4
Health Administration Planning and support services	SP 1: Health Administration Planning and support services	122,366,728		122,366,728	0.0
Human resources	Human resources	2,416,604,147	525,929,598	1,890,674,549	21.8
Health Infrastructure	SP3.Health Infrastructure	326,401,888		326,401,888	0.0
Programme 2: Preventive Promotive and Rehabilitative		107,118,938	-	107,118,938	0.0
Communicable and non-communicable	SP 2: Communicable and non-communicable	-	-	-	-
Health Promotion services	SP 2: Health Promotion services	6,000,000	-	6,000,000	0.0
Disease surveillance	SP 3: Disease surveillance	2,746,938		2,746,938	0.0
Community health services	SP 4: Community health services	78,072,000		78,072,000	0.0
Capacity building of CHVs	Capacity building of CHVs	10,000,000		10,000,000	0.0

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Retooling of CHV Kits	Retooling of CHV Kits	10,000,000		10,000,000	0.0
HIV/AIDS awareness.	HIV/AIDS awareness.	300,000		300,000	0.0
Programme 3: Curative		435,853,571	-	435,853,571	0.0
Health Services	Health Services				
Routine Medical Services	SP 3: Routine Medical Services	424,865,820		424,865,820	0.0
Blood Bank Services	SP 3: Blood Bank Services	10,000,000		10,000,000	0.0
Referral Strategy	Referral Strategy	987,751		987,751	0.0
Programme 4: Health Research					
Programme 5: Maternal and Child Health		54,469,787	-	54,469,787	0.0
Family planning	SP 5: Family planning	-			
Maternity Services	SP 5: Maternity Services	52,969,787		52,969,787	0.0
Immunisation Services	SP 5: Immunisation Services	1,500,000		1,500,000	0.0
Procuring of mama packs	Procuring of mama packs	-			
Sanitation management		8,000,916		8,000,916	0.0
Total		**3,470,815,975**	**525,929,598**	**2,944,886,377**	**15.2**
Roads & Public works					
Transport infrastructure development and management	Transport infrastructure development and management	1,404,334,670		1,404,334,670	0.0
Public safety and transport operations	Public safety and transport operations	6,820,194		6,820,194	0.0
Building standards and other civil works	Building standards and other civil works	2,423,736		2,423,736	0.0
General administration, planning and support services	General administration, planning and support services	71,503,484	17,764,126	53,739,358	24.8
Total		**1,485,082,084**	**17,764,126**	**1,467,317,958**	**1.2**
Water & Tourism					
Programme 1: General Administration Planning and Support Services					
Human Resources Management	SP. Human Resources Management	64,736,155	13,105,068	51,631,087	20.2
SP. Policy and Legal Framework formulation	SP. Policy and Legal Framework formulation	800,000		800,000	0.0
Climate change mitigation	SP. Climate change mitigation	-			
Administrative Services	SP. Administrative Services	-			
Marking of international/national events	SP. Marking of international/national events	3,900,000		3,900,000	0.0
Annual devolution conference	SP. Annual devolution conference	3,000,000		3,000,000	0.0
Programme 2: Water and Sewerage Services Management					
Water Services Provision	SP Water Services Provision	235,662,500		235,662,500	0.0
Protection of water towers	SP. Protection of water towers	-		0	
Stakeholders' engagement (water users association)	SP. Stakeholders engagement (water users association)	4,800,000		4,800,000	0.0
KOICA counterpart funding	SP. KOICA counterpart funding	-			
Sub- County operations	SP. Sub- County operations	3,200,000		3,200,000	0.0
Routine Maintenance of water supplies	SP. Routine Maintenance of water supplies	2,400,000		2,400,000	0.0

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Office operation and maintenance	SP. Office operation and maintenance	43,025,328		43,025,328	0.0
Programme 3: Integrated Solid Waste Management					
Dumpsite Management	SP. Dumpsite Management	12,850,705		12,850,705	0.0
Garbage collection and transportation	SP. Garbage collection and transportation	161,351,760	35,101,063	126,250,697	21.8
Total		**535,726,448**	**48,206,132**	**487,520,317**	**9.0**
Education & Vocational					
Programme 1: Policy, Planning and General Administration					
Outcome: Informed and empowered county residents					
Salaries and allowances	SP 1: Salaries and allowances	1,096,542,129	238,237,407	858,304,722	21.7
Policy formulation	SP 2: Policy formulation	3,000,000		3,000,000	0.0
Administration and support services	SP3: Administration and support services	19,570,000		19,570,000	0.0
Capacity building and stakeholder's forum	Sp4: Capacity building and stakeholders forum	10,000,000		10,000,000	0.0
Planning and financial management	Sp5: Planning and financial management	5,000,000		5,000,000	0.0
Purchase of motor vehicle	SP6: Purchase of motor vehicle	-			
Pre-feasibility studies	SP7: Pre-feasibility studies	2,000,000		2,000,000	0.0
Good Governance	SP8: Good Governance	2,000,000		2,000,000	0.0
Other expenses	SP9: Other expenses	4,835,521		4,835,521	0.0
Programme 2: Early Childhood Education Development					
Outcome: Increased enrolment and retention					
Quality Assurance and Standards	Sp1: Quality Assurance and Standards	2,000,000		2,000,000	0.0
Curriculum	Sp2: Curriculum	2,000,000		2,000,000	0.0
Implementation	Implementation				
Learning materials	Sp3: learning materials	3,000,000		3,000,000	0.0
Monitoring and evaluation	SP5: Monitoring and evaluation	3,000,000		3,000,000	0.0
Capacity building for ECDE teachers	SP 5: capacity building for ECDE teachers	4,000,000		4,000,000	0.0
Infrastructure development	SP6: Infrastructure development	141,329,000		141,329,000	0.0
Pending bills	SP7: Pending bills	106,698,262		106,698,262	0.0
Programme 3: Vocational Education and Training					
Tuition support grant	Sp1: Tuition support grant	30,000,000		30,000,000	0.0
Tools and equipment for VTC	Sp2: Tools and equipment for VTC	-			
Construction of Centre of Excellence	Sp3: Construction of Centre of Excellence	-			
Quality assurance and standards	Sp4: Quality assurance and standards	2,000,000		2,000,000	0.0
Joint Vocational Training Graduation	SP5: Joint Vocational Training Graduation	3,500,000		3,500,000	0.0
Capacity building for VTC instructors	SP6: Capacity building for VTC instructors	3,500,000		3,500,000	0.0

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Monitoring and Evaluation	SP7: Monitoring and Evaluation	3,000,000		3,000,000	0.0
Programme 4: Education Support Programme				0	
Education support and bursary scheme	Sp1: Education support and bursary scheme	400,000,000	200,000,000	200,000,000	50.0
Total		**1,846,974,912**	**438,237,407**	**1,408,737,505**	23.7
Trade & Industrilisation					
Market Infrastructure Development	Market Infrastructure Development	7,000,000		7,000,000	0.0
Energy Development and Management	Energy Development and Management	18,025,997		18,025,997	0.0
Salaries and Emoluments	Salaries and Emoluments	23,722,331	6,011,776	17,710,555	25.3
General Administration, Planning and Support Services	General Administration, Planning and Support Services	24,932,034		24,932,034	0.0
CEF	CEF	32,495,000		32,495,000	0.0
Supplier's Credit	Supplier's Credit	25,578,000		25,578,000	0.0
Total		**131,753,362**	**6,011,776**	**125,741,586**	4.6
LANDS & URBAN PLANNING					
Programme 1: General Administration, Planning and Support services					
Sub Programme (SP)					
Institutional accountability, efficiency and effectiveness in service delivery	SP 1: Institutional accountability, efficiency and effectiveness in service delivery	46,993,077	7,524,385	39,468,692	16.0
Human resource development and management	SP 2: Human resource development and management	3,200,000		3,200,000	0.0
Programme 2: Land Resource Survey/Mapping and Management					
Ward Based Projects	SP 1: Ward-Based Projects	25,947,500		25,947,500	0.0
Survey of government land quality control of survey activities	SP 2: Survey of government land quality control of survey activities	-			
Total Expenditure of Programme 2		25,947,500		25,947,500	0.0
Programme 3: County Physical Planning and Infrastructure					
Physical Planning and Urban Development	SP 1: Physical Planning and Urban Development	10,027,709		10,027,709	0.0
Total Expenditure of Vote 4918-01		**112,115,786**	**7,524,385**	**104,591,401**	6.7
Housing					
Programme 1 General Administration, Planning and Support services					
Salaries and emoluments	SP 1: salaries and emoluments	9,165,048	2,317,213	6,847,835	25.3
Administrative Services	SP 2: Administrative Services	11,592,566		11,592,566	0.0
Research and Development	SP 3: Research and Development	7,927,456		7,927,456	0.0
Human resource development and management	SP 4: Human resource development and management	1,000,000		1,000,000	0.0
Total Expenditure of Programme 1		**29,685,070**	**2,317,213**	**27,367,857**	**7.8**
Programme 2 Housing development and Human Settlement					
SP 1: Estate Management		9,705,281		9,705,281	0.0
Housing Development	SP 2: Housing Development	74,101,423		74,101,423	0.0
Total Expenditure of Programme 2		83,806,704		83,806,704	0.0

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Total Expenditure for Vote -		**113,491,774**	**2,317,213**	**111,174,561**	2.0
Bungoma Municipality					
Programme I: Urban Economy, General Administration, Planning and Support services					
Human Resource Capacity Development and Management	SP 1.1: Human Resource Capacity Development and Management	4,911,441		4,911,441	0.0
General Administration and Support Services (Inclusive of personnel emoluments)	SP 1.2: General Administration and Support Services (Inclusive of personnel emoluments)	14,290,922	219,424	14,071,498	1.5
Planning and Financial Management	SP 1.3: Planning and Financial Management	3,250,000		3,250,000	0.0
Institutional Accountability, Leadership, Efficiency and Effectiveness	SP 1.4: Institutional Accountability, Leadership, Efficiency and Effectiveness	4,500,000		4,500,000	0.0
Programme I Total		**26,952,363**	**219,424**	**26,732,939**	**0.8**
Programme III: Urban Infrastructure Development and Management					
SP 3.1: Urban Transport and Infrastructure		111,887,700		111,887,700	0.0
Programme III Total		111,887,700	-	111,887,700	0.0
Total Expenditure for Vote		**138,840,063**	**219,424**	**138,620,639**	**0.2**
Kimilili Municipality					
Programme 1: General Administration, Planning and Support services					
Sub Programme (SP)					
General Administration planning and support services (Inclusive of salary)	SP1: General Administration planning and support services (Inclusive of salary)	27,079,833	219,424	26,860,409	0.8
Administration and HR Services	SP2: Administration and HR Services	1,850,000		1,850,000	0.0
Total Expenditure of Programme 1		**28,929,833**	**219,424**	**28,710,409**	**0.8**
Programme 2: Urban Infrastructure Development and management					
Infrastructure. Housing and public works	Infrastructure. Housing and public works	191,089,400		191,089,400	0.0
Total Expenditure of Vote 4918-05		**220,019,233**	**219,424**	**219,799,809**	**0.1**
Finance & Planning					
Economic development planning and coordination services	Economic development planning and coordination services	17,319,966		17,319,966	0.0
Monitoring and evaluation services	Monitoring and evaluation services	12,479,108	2,634,700	9,844,408	21.1
Public finance management	Public finance management	156,243,550	27,334,485	128,909,065	17.5
General administration, planning, policy coordination and support services	General administration, planning, policy coordination and support services	854,892,322	119,348,689	735,543,633	14.0
Ward based projects	Ward based projects	150,000,000		150,000,000	0.0
Total		**1,190,934,946**	**149,317,874**	**1,041,617,072**	**12.5**
Public Administration					
Public service Management and Administration					
General administration, planning and support services	General administration, planning and support services	307,095,363	50,900,456	256,194,908	16.6

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Public Participation, Civic Education and outreach services	Public Participation, Civic Education and outreach services	14,000,000		14,000,000	0.0
Service Delivery and Organizational Transformation	Service Delivery and Organizational Transformation	12,422,620		12,422,620	0.0
Total Expenditure for Vote		**333,517,983**	**50,900,456**	**282,617,528**	**15.3**
Office of the County Secretary, ICT and County Attorney					
General administration, planning and support services	General administration, planning and support services	252,173,767	10,364,545	241,809,222	4.1
Kenya Devolution Support Programme	Kenya Devolution Support Programme	112,815,048		112,815,048	0.0
ICT and information management services	ICT and information management services	29,847,901		29,847,901	0.0
Total Expenditure for Vote		394,836,716	10,364,545	384,472,171	2.6
Total		**728,354,699**	**61,265,001**	**667,089,698**	**8.4**
Gender, Youth & Sports					
Programme 1: General Administration, Planning and Support services					
payment of utilities	Sp 10.2 payment of utilities	1,020,000		1,020,000	0.0
Compensation to employees	SP 1. 2.Compensation to employees	46,089,943	10,015,523	36,074,420	21.7
Staff training	1.3 Staff training	4,800,000		4,800,000	0.0
policy formulation	Sp1.6 policy formulation	15,000,000		15,000,000	0.0
Planning and Budgeting	1.7 Planning and Budgeting	7,200,000		7,200,000	0.0
General administration	1.8 general administration	18,642,713		18,642,713	0.0
Total Expenditure of Programme 1					
Programme 2: Cultural development and management					
Development of historical and cultural sites	SP 2. 1Development of historical and cultural sites	20,000,000		20,000,000	0.0
Promotion of communities' culture	SP 2. 2. Promotion of communities' culture	8,600,000		8,600,000	0.0
Sports and cultural association	SP 2.3 Sports and cultural association	7,500,000		7,500,000	0.0
Liquor and Licensing	SP2.4 Liquor and Licensing	2,000,000		2,000,000	0.0
Total Expenditure of Programme 2					
Programme:3.0 Gender Equality and Empowerment Of Vulnerable Groups					
Gender equality framework	Sp3.1 Gender equality framework	1,000,000		1,000,000	0.0
Gender empowerment	Sp3.2 Gender empowerment	4,200,000		4,200,000	0.0
Gender mainstreaming	Sp3.3Gender mainstreaming	1,000,000		1,000,000	0.0
Total expenditure					
Programme4.0 Sports Facility Development and Management					
Development of sports facility	Sp 4.1Development of sports facility	126,882,253		126,882,253	0.0
Programme5.0 Sports talent development and management					
Sports and talent development established	5.1Sports and talent development established	6,000,000		6,000,000	0.0
Programme6.0 Youth Development and Management					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Youth development services	sp.6.1 Youth development services	11,000,000		11,000,000	0.0
Total Expenditure of Vote		**280,934,909**	**10,015,523**	**270,919,386**	**3.6**
Public Service Board					
General Administration, Planning and Support services	SP 1. 1 Administrative service	7,889,544		7,889,544	0.0
Total Expenditure of Programme 1		**7,889,544**		**7,889,544**	**0.0**
Programme 2: (*Human Resource Management and Development*)					
Human Resource Management	SP 2. 1 Human Resource Management	8,390,850	1,649,730	6,741,120	19.7
Human Resource Development	SP 2. 2. Human Resource Development	4,351,158		4,351,158	0.0
Total Expenditure of Programme 2		12,742,008	1,649,730	11,092,278	12.9
Programme 3:(Governors and National Values				0	
Quality Assurance	SP 3. 1Quality Assurance	4,760,856		4,760,856	0.0
Ethics governors and national	SP 3. 2 ethics governors and national	5,518,738		5,518,738	0.0
Total Expenditure of programme 3		**10,279,594**		**10,279,594**	**0.0**
Programme 4: Service delivery and organisational transformation					
Construction of office block		30,000,000		30,000,000	0.0
Total Expenditure of programme 4		30,000,000		30,000,000	0.0
Total Expenditure of Vote		**60,911,146**	**1,649,730**	**59,261,416**	**2.7**
Governors & Deputy Governors					
Office of H.E. the Governor					
General administration, planning and support services	General administration, planning and support services	409,357,458	141,565,831	267,791,627	34.6
County Executive Committee Affairs	County Executive Committee Affairs	25,021,324		25,021,324	0.0
County Strategic and Service Delivery Coordination	County Strategic and Service Delivery Coordination	52,679,536		52,679,536	0.0
Total Expenditure for Vote		**487,058,318**	**141,565,831**	**345,492,487**	**29.1**
Office of H.E., the Deputy Governor					
General administration, planning and support services	General administration, planning and support services	8,766,520		8,766,520	0.0
County Strategic and Service Delivery Coordination	County Strategic and Service Delivery Coordination	4,070,063		4,070,063	0.0
Total Expenditure for Vote		12,836,583		12,836,583	0.0
Total Expenditure.		**499,894,901**	**141,565,831**	**358,329,070**	**28.3**
Grand Total		**11,789,078,738**	**1,617,838,802**	**10,171,239,936**	**13.7**

Source: *Bungoma County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: General Administration and Support Services in the County Assembly at 15.1 per cent, General administration, planning and support services in the office of the governor at 34.5 per cent, Human Resource Management at the Department of County Public Service Board at 19.7 per cent, and Compensation to employees in the Department of Gender at 21.7 per cent of budget allocation.

3.4.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.55.03. million against an annual projection of Kshs.700 million, representing 7.9 per cent of the yearly target.
2. Failure by the County Treasury to budget for the cash balance of Kshs.1.11 billion from FY 2021/22.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB is against the requirement of Section 168 of the PFM Act, 2012. The Bursary Fund and Emergency Fund reports were not submitted to the Controller of Budget.
4. High pending bills amounting to Kshs.231.17 million as of 30th September 2022, despite the availability of cash in the CRF, which stood at Kshs.135.07 million at the end of the First Quarter of FY 2022/23.

The County should implement the following recommendations to improve budget execution;

1. *The County should address its source revenue performance to ensure the approved budget is fully financed.*
2. *The County should prepare a supplementary budget and appropriate the cash balance from FY 2021/22.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*

3.5 County Government of Busia

3.5.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.8.12 billion, comprising Kshs.2.44 billion (30 per cent) and Kshs.5.68 billion (70 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 3.6 per cent compared to the previous financial year when the approved budget was Kshs.8.43 billion and comprised of Kshs.2.79 billion towards development expenditure and Kshs.5.64 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.17 billion (88.3 per cent) as the equitable share of revenue raised nationally and generate Kshs.469.16 million (5.8 per cent) from its own sources of revenue. The County did not budget for the cash balance from FY 2021/22, which amounts to Kshs.759.62 million.

The County also expects to receive Kshs.477.13 million (5.9 per cent) as conditional grants, which consist of Kenya Climate Smart Agriculture Project (KCSAP) Kshs.295.79 million, DANIDA grant Kshs.12.67 million, World Bank credit to finance Locally-Led Climate Action Program, (FLLoCA) Kshs.125.00 million, Agriculture Sector Development Support Programme II (ASDSP II) Kshs.9.44 million, and a cash balance of Kshs.34.22 million.

3.5.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.18 billion as the equitable share of the revenue raised nationally, raised Kshs.45.37 million as own-source revenue and had a cash balance of Kshs.759.62 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.41 billion, as shown in Table 3-15.

Table 3-15: Busia County, Revenue Performance in the First Quarter of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,172,162,009	609,633,771	8.5
Sub Total		**7,172,162,009**	**609,633,771**	**8.5**

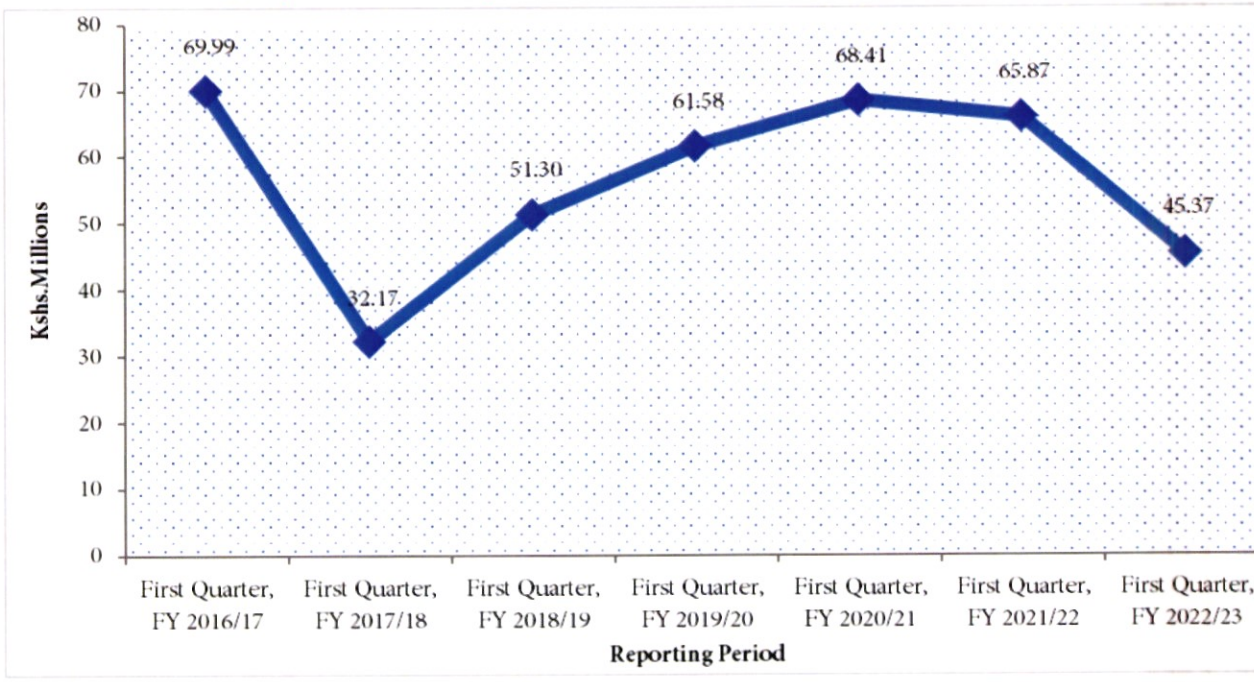
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
B	**Conditional Grants**			
1	Kenya Climate Smart Agriculture Project (KCSAP)	295,795,506	-	-
2	DANIDA	12,673,000	-	-
3	World Bank credit to finance Locally-Led Climate Action Program (FLLoCA)	125,000,000	-	-
4	Agriculture Sector Development Support Programme II (ASDSP II)	9,440,063	-	-
5	Cash Balance in the Account	34,224,543	-	-
	Sub-Total	**477,133,112**	-	-
C	***Other Sources of Revenue***			
1	***Own Source Revenue***	469,163,025	45,373,968	9.7
2	Balance b/f from FY2021/22	-	759,619,332	-
Sub Total		**469,163,025**	**804,993,300**	**171.6**
Grand Total		**8,118,458,146**	**1,414,627,071**	**17.4**

Source: Busia County Treasury

All the conditional grants were not released in the First Quarter of FY 2022/23.

Figure 3-10 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

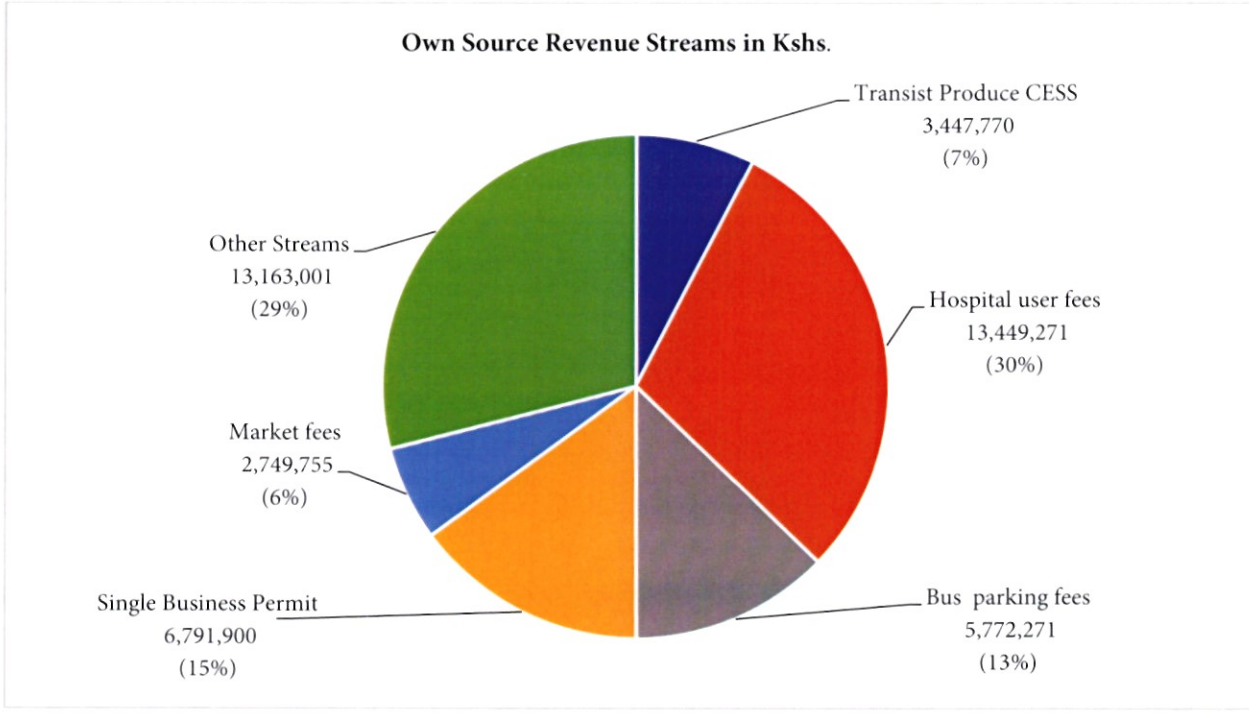
Figure 3-10: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Busia County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.45.37 million as own-source revenue. This amount represented a decrease of 31.1 per cent compared to Kshs.65.87 million realised in a similar period in FY 2021/22 and was 9.7 per cent of the annual target and 7.4 per cent of the received equitable share. The OSR does not include revenue arrears and penalties charged on the arrears from the previous financial year. The top five revenue streams which contributed the highest OSR are shown in Figure 3-11.

Figure 3-11: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Busia County Treasury

3.5.3 Exchequer Issues

The Controller of Budget approved Kshs.1.24 billion in withdrawals from the CRF account during the reporting period, which was entirely for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.990.47 million for compensation to employees and Kshs.244.99 million for Operations and Maintenance expenditures.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.256.79 million.

3.5.4 County Expenditure Review

The County spent Kshs.951.20 million on recurrent programmes during the reporting period. This expenditure represented 77.0 per cent of the total funds released by the CoB and was entirely on recurrent programmes. Expenditure on recurrent expenditure represented 16.7 per cent of the annual recurrent expenditure budget.

3.5.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.1.81 billion, comprising Kshs.581.91 million for recurrent expenditure and Kshs.1.22 billion for development activities. During the period under review, pending bills amounting to Kshs.21.65 million were settled for recurrent expenditure. Therefore, as of 30th September 2022, the outstanding pending bills were Kshs.1.76 billion.

3.5.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.820.58 million on employee compensation and Kshs.74.68 million on operations and maintenance. Similarly, the County Assembly spent Kshs.14.54 million on employee compensation and Kshs.41.39 million on operations and maintenance, as shown in Table 3-16.

Table 3-16: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,832,649,398**	**851,195,833**	**895,266,011**	**55,934,438**	**18.5**	**6.6**
Compensation to Employees	2,978,837,357	488,355,833	820,583,046	14,541,938	27.5	3.0
Operations and Maintenance	1,853,812,041	362,840,000	74,682,964	41,392,500	4.0	11.4
Development Expenditure	**2,374,612,915**	**60,000,000**	-	-	**0.0**	**0.0**
Total	**7,207,262,313**	**911,195,833**	**895,266,011**	**55,934,438**	**12.4**	**6.1**

Source: Busia County Treasury

3.5.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.835.12 million was 59.0 per cent of the realised revenue of Kshs.1.41 billion and included Kshs. 359.71 million attributable to the health sector, which translated to 43.1 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.830.16 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.4.96 million. The manual payroll amounted to 0.6 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly did not report any expenditure on committee sitting allowances for the MCAs and the Speaker against the annual budget allocation of Kshs.94.59 million.

3.5.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.220.38 million to county-established funds in FY 2022/23, constituting 2.7 per cent of the County's overall budget for the year. Table 3-17 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-17: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Quarterly Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	County Executive Car Loan and Mortgage Fund	30,000,000	-	-	No
2.	Busia County Health Services Fund	78,883,139	-	-	No
3.	Busia County Cooperative Enterprise Development Fund	10,000,000	-	-	No
County Assembly Established Funds					

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Quarterly Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
4.	County Assembly Car Loan and Mortgage Fund	101,500,000	-	31,000,000	No
	Total	**220,383,139**		**31,000,000**	

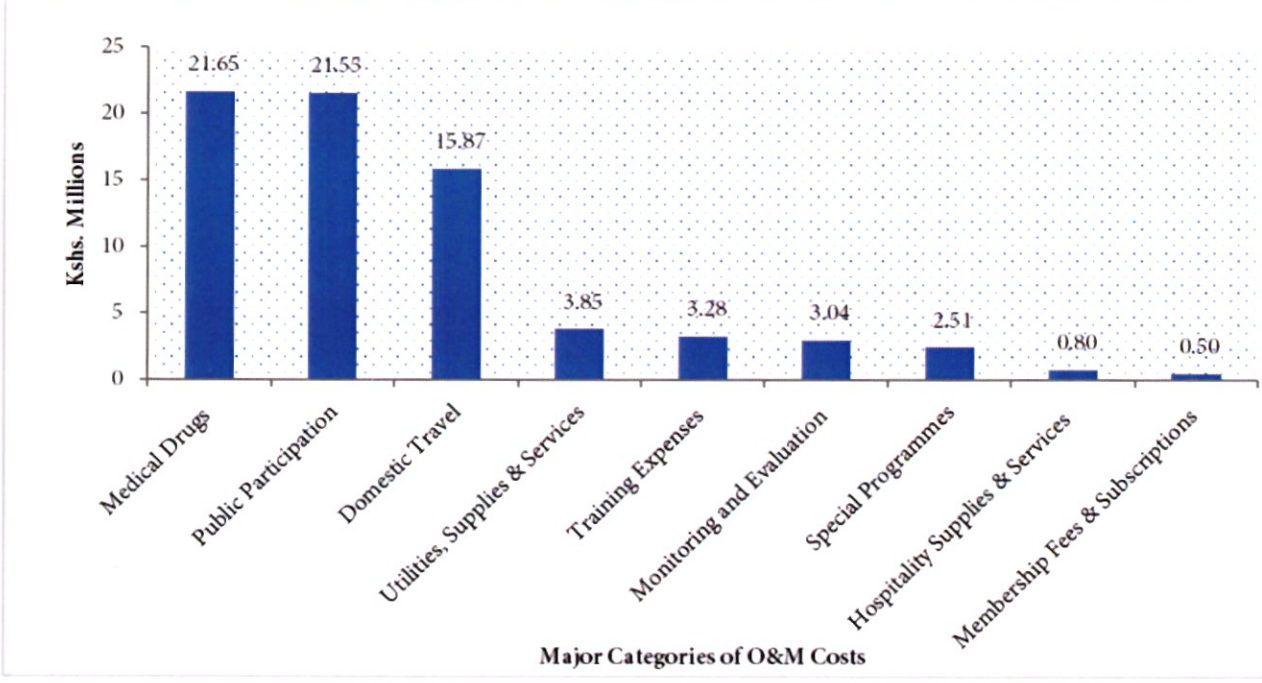
Source: *Busia County Treasury*

The OCoB did not receive quarterly financial returns from the Fund Administrators of all the funds, as indicated in Table 3-17, which is against the requirement of Section 168 of the PFM Act, 2012.

3.5.9 Expenditure on Operations and Maintenance

Figure 3-12 summarises operations and maintenance expenditure by major categories.

Figure 3-12: Busia County, Operations and Maintenance Expenditure by Major Categories



Source: *Busia County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.15.87 million and comprised of Kshs.10.39 million spent by the County Assembly and Kshs.5.48 million by the County Executive. Expenditure on foreign travel amounted to Kshs.727,400 by the County Executive.

3.5.10 Development Expenditure

In the First Quarter of FY 2022/23, the County did not report any expenditure on development programmes.

3.5.11 Budget Performance by Department

Table 3-18 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-18: Busia County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Fisheries	258.21	381.33	71.50	-	58.69	-	82.1	-	22.7	-
Trade, Investment, Cooperatives and Industry	70.73	95.31	18.41	-	18.40	-	99.9	-	26.0	-
Education and Vocational Training	484.26	138.78	141.07	-	139.18	-	98.7	-	28.7	-
Finance and Economic Planning	802.67	33.60	202.12	-	82.08	-	40.6	-	10.2	-
Sports, Culture and Social Services	90.91	74.90	17.82	-	3.47	-	19.5	-	3.8	-
Infrastructure and Energy	152.26	698.66	37.72	-	34.99	-	92.8	-	23.0	-
Public Service and Administration	325.39	-	51.36	-	33.86	-	65.9	-	10.4	-
Lands, Housing and Urban Development	133.68	187.20	26.53	-	25.02	-	94.3	-	18.7	-
Water, Irrigation Environment and Natural Resources	126.54	233.49	29.56	-	26.62	-	90.0	-	21.0	-
Health and Sanitation	1,863.94	413.89	503.63	-	395.96	-	78.6	-	21.2	-
County Public Service Board	103.28	-	17.34	-	10.32	-	59.5	-	10.0	-
The Governorship	420.77	117.45	67.06	-	66.68	-	99.4	-	15.8	-
County Assembly	851.20	60.00	56.00	-	55.93	-	99.9	-	6.6	-
Total	**5,683.85**	**2,434.61**	**1,240.12**	**-**	**951.20**	**-**	**76.7**	**-**	**16.7**	**-**

Source: *Busia County Treasury*

Analysis of expenditure by department shows that the Department of Education and Vocational Training had the highest percentage of recurrent expenditure to budget at 28.7 per cent, while the Department of Youth, Culture, sports, Tourism and Social Services had the lowest at 3.8 per cent.

The budget allocation for the County Assembly and the Executive is within the ceilings set in the second schedule of the County Allocation of Revenue Act (CARA) 2022.

3.5.12 Budget Execution by Programmes and Sub-Programmes

Table 3-19 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-19: Busia County, Budget Execution by Programmes and Sub-Programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub-Programme**	**Approved Estimates FY 2022/23 (Kshs.)**	**Actual Expenditure Q1 FY 2022/23 (Kshs.)**	**Variance (Kshs.)**	**Absorption Rate (%)**
		A	**B**	**C=A-B**	**D=B/A*100**
Department of Agriculture, Livestock and Fisheries					
CP 1: General Administration and support services	CSP 1.1: Administrative support service	258,214,274	58,689,033	199,525,241	22.7
CP 2: Land use and Management	CSP 2.1: Agricultural mechanization	10,100,000	0	10,100,000	-
CP 3: Crop production and Management	CSP 3.1 Input support services	5,400,000	0	5,400,000	-
	CSP 3.2: Crop development	5,400,000	0	5,400,000	-
	CSP 3.3: Crop protection	5,200,000	0	5,200,000	-

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub-Programme**	**Approved Estimates FY 2022/23 (Kshs.)**	**Actual Expenditure Q1 FY 2022/23 (Kshs.)**	**Variance (Kshs.)**	**Absorption Rate (%)**
		A	**B**	**C=A-B**	**D=B/A*100**
CP 4: Agricultural Training and Extension Services	CSP 4.1: Agriculture extension services	5,000,000	0	5,000,000	-
	CSP 4.2: Agricultural Training services	36,009,940	0	36,009,940	-
CP 5: Kenya Climate SMART Agriculture program	CSP 5.1: Kenya Climate SMART	145,000,000	0	145,000,000	-
CP 6: Agribusiness and Agricultural Value Chain Development	CSP 6.1: Value addition	8,200,000	0	8,200,000	-
CP 7: Agricultural Financial and Investment services	CSP 7.1: Agriculture development fund	3,000,000	0	3,000,000	-
CP 8: Fisheries and Aquaculture Resource Development	CSP 8.1: Aquaculture development	21,745,506	0	21,745,506	-
	CSP 8.2: Fisheries training infrastructure development	10,000,000	0	10,000,000	-
CP 9: Livestock Production Development	CSP 9.1: Livestock production improvement	60,123,685	0	60,123,685	-
	CSP 9.2: Livestock Extension	6,000,000	0	6,000,000	-
CP 10: Veterinary health services	CSP 10.1: Veterinary Disease Control	14,751,914	0	14,751,914	-
	CSP 10.2: AI services	4,100,000	0	4,100,000	-
	CSP 10.3: Meat inspection services	16,799,886	0	16,799,886	-
	CSP 10.4: Veterinary Extension	5,000,000	0	5,000,000	-
CP 11: Other projects	CSP 11.1: Other Development projects	19,500,000	0	19,500,000	-
Sub Total		**639,545,205**	**58,689,033**	**580,856,172**	**9.2**
Department of Trade, Investment, Industry and Cooperatives					
CP 12: General Administration and support services	CSP 12.1: Administrative support service	70,730,924	18,400,059	52,330,865	26.0
CP 13: Trade Development	CSP 13.1: Busia county trade development fund	8,000,000	-	8,000,000	-
	CSP 13.2: Market modernization and development	46,412,000	-	46,412,000	-
CP 14: Fair Trade practices	CSP 14.1: Weights and measures.	3,000,000	-	3,000,000	-
CP 15: Cooperative development	CSP 15.1: Busia county cooperative enterprise development fund	10,000,000	-	10,000,000	-
CP 16: Other projects	CSP 16.1: Other Development projects	27,900,000	-	27,900,000	-
Sub Total		**166,042,924**	**18,400,059**	**147,642,865**	**11.1**
Department of Education and Vocational Training					
CP 17: General Administration and support services	CSP 17.1: Administrative support service	484,255,653	139,176,719	345,078,934	28.7

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub-Programme**	**Approved Estimates FY 2022/23 (Kshs.)**	**Actual Expenditure Q1 FY 2022/23 (Kshs.)**	**Variance (Kshs.)**	**Absorption Rate (%)**
		A	**B**	**C=A-B**	**D=B/A*100**
CP 18: Early Childhood Development Education (Basic Education)	CSP 18.1: Improvement of the infrastructure in E.C.D.E Centres	20,000,000	-	20,000,000	-
	CSP 18.2: E.C.D.E Capitation	5,000,000	-	5,000,000	-
CP 19: Technical/ vocational training development	CSP 19.1: Infrastructure development	30,663,644	-	30,663,644	-
CP 20: Education support	CSP 20.1: Education support scheme	51,218,895	-	51,218,895	-
CP 21: Other projects	CSP 21.1: Other Development projects	31,900,000	-	31,900,000	-
Sub Total		**623,038,192**	**139,176,719**	**483,861,473**	**22.3**
Department of Finance and Economic Planning					
CP 22: General Administration and support services	CSP 22.1: Administrative support service	802,673,214	82,079,293	720,593,921	10.2
CP 23: Financial management control and development	CSP 23.1: Revenue generation services	11,397,425	-	11,397,425	-
CP 24: Infrastructure Development	CSP 24.1: Construction and Renovation	12,700,000	-	12,700,000	-
CP 25: Other projects	CSP 25.1: Other Development projects	9,500,000	-	9,500,000	-
Sub Total		**836,270,639**	**82,079,293**	**754,191,346**	**9.8**
Department of Sports, Culture and Social Services					
CP 26: General Administration and support services	CSP 26.1: Administrative support service	90,909,964	3,468,619	87,441,345	3.8
CP 27: Social services	CSP 27.1: infrastructural development	3,700,000	-	3,700,000	-
CP 28: Youth Empowerment and development	CSP 28.1 Equipping and Operationalization of youth empowerment	4,700,000	-	4,700,000	-
CP 29: Promotion and development of sports	CSP 29.1: Infrastructural development	4,400,000	-	4,400,000	-
	CSP 29.2: sports promotion	8,140,000	-	8,140,000	-
CP 30: Child care and protection	CSP 30.1: Rehabilitation and custody	8,000,000	-	8,000,000	-
CP 31: Promotion and development of local tourism in the County	CSP 31.1: Tourism development	3,000,000	-	3,000,000	-
CP 32: Alcoholic drinks and drugs control	CSP 32.1: Infrastructure development	8,660,000	-	8,660,000	-
CP 33: Other projects	CSP 33.1: Other Development projects	34,300,000	-	34,300,000	-
Sub Total		**165,809,964**	**3,468,619**	**162,341,345**	**2.1**
Department of Infrastructure and Energy					
CP 34: General Administration and support services	CSP 34.1: Administrative support service	152,259,636	34,986,966	117,272,670	23.0

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub-Programme**	**Approved Estimates FY 2022/23 (Kshs.)**	**Actual Expenditure Q1 FY 2022/23 (Kshs.)**	**Variance (Kshs.)**	**Absorption Rate (%)**
		A	**B**	**C=A-B**	**D=B/A*100**
CP 35: Development and maintenance of roads	CSP 35.1: Routine maintenance of roads	122,484,000	-	122,484,000	-
	CSP 35.2: Development of Roads	434,637,184	-	434,637,184	-
CP 36: Building Infrastructure Development	CSP 36.1: Infrastructure Development	9,900,000	-	9,900,000	-
CP 37: Energy Development	CSP 37.1 Energy Services	-	-	-	-
	CSP 37.1: Solar Energy Exploration	18,700,000	-	18,700,000	-
CP 38: Alternative Transport Infrastructure Development	CSP 38.1: Road safety campaign	5,637,345	-	5,637,345	-
CP 39: Other projects	CSP 39.1: Other Development projects	107,300,000	-	107,300,000	-
Sub Total		**850,918,165**	**34,986,966**	**815,931,199**	**4.1**
Department of Public Service and Administration					
CP 40: General Administrative and support services	CSP 40.1: Administrative support services	325,386,040	33,859,398	291,526,642	10.4
Sub Total		**325,386,040**	**33,859,398**	**291,526,642**	**10.4**
Department of Lands, Housing and Urban Development					
CP 41: General Administrative and support services	CSP 41.1: Administrative support services	133,682,955	25,024,810	108,658,145	18.7
CP 42: County Land Administration and Planning	CSP 42.1: Land use planning	5,500,000	-	5,500,000	-
CP 43: Housing Development and Management	CSP 43.1: Housing Development	50,764,500	-	50,764,500	-
CP 44: Urban management and development control	CSP 44.1: Urban Management	49,800,889	-	49,800,889	-
	CSP 44.2: Urban Development	72,088,327	-	72,088,327	-
CP 45: Other projects	CSP 45.1: Other Development projects	9,050,000	-	9,050,000	-
Sub Total		**320,886,671**	**25,024,810**	**295,861,861**	**7.8**
Department of Water, Irrigation Environment and Natural Resources					
CP 46: General Administrative and support services	CSP 46.1: Administrative support services	126,541,968	26,616,665	99,925,303	21.0
CP 47: Water supply services	CSP 47.1: Urban water supply and sewerage	61,800,000	-	61,800,000	-
	CSP 47.2: Rural water supply	18,052,103	-	18,052,103	-
CP 48: Environmental management and protection	CSP 48.1 Environmental management	12,250,000	-	12,250,000	-
CP 49: Smallholder irrigation and drainage	CSP 49.1: Irrigation infrastructure development	11,000,000	-	11,000,000	-
CP 50: Forest development and management	CSP 50.1: Rehabilitation and restoration of degraded landscape	5,187,603	-	5,187,603	-

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub-Programme**	**Approved Estimates FY 2022/23 (Kshs.)**	**Actual Expenditure Q1 FY 2022/23 (Kshs.)**	**Variance (Kshs.)**	**Absorption Rate (%)**
		A	**B**	**C=A-B**	**D=B/A*100**
CP 51: Climate Change Fund	CSP 51.1: Financing Locally-Led Climate Action Program (FLLOCA)	55,000,000	-	55,000,000	-
CP 52: Other projects	CSP 52.1: Other Development projects	70,200,000	-	70,200,000	-
Sub Total		**360,031,674**	**26,616,665**	**333,415,009**	**7.4**
Department of Health and Sanitation					
CP 53: General Administration and support services	CSP 53.1: Administrative support service	1,863,943,627	395,963,351	1,467,980,276	21.2
CP 54: Curative Health Services	CSP 54.1: Infrastructure development	129,488,069	-	129,488,069	-
	CSP 54.2: Hospital equipment	101,500,000	-	101,500,000	-
	CSP 54.3: Blood transfusion Services	5,000,000	-	5,000,000	-
CP 55: Preventive and Promotive Health Services	CSP 55.1: Infrastructure development	62,500,000	-	62,500,000	-
	CSP 55.2: Lower-level hospital equipment	10,000,000	-	10,000,000	-
	CSP 55.3: Preventive Services	8,000,000	-	8,000,000	-
	CSP 55.4: Health promotion unit	69,500,000	-	69,500,000	-
CP 56: Other projects	CSP 56.1: Other Development projects	27,900,000	-	27,900,000	-
Sub Total		**2,277,831,696**	**395,963,351**	**1,881,868,345**	**17.4**
County Public Service Board					
CP 57: General Administration and support services	CSP 57.1: Administrative support service	103,276,178	10,323,965	92,952,213	10.0
Sub Total		**103,276,178**	**10,323,965**	**92,952,213**	**10.0**
Governorship					
CP 58: General Administration and support services	CSP 58.1: Administrative support service	420,774,965	66,677,133	354,097,832	15.8
CP 59: Disaster Risk Management	CSP 59.1: Disaster preparedness	82,000,000	-	82,000,000	-
CP 60: Information Dissemination and Knowledge Management	CSP 60.1: Communication Services	13,350,000	-	13,350,000	-
CP 61: ICT Support Services	CSP 61.1: ICT Services	9,650,000	-	9,650,000	-
CP 62: Other projects	CSP 62.1: Other Development projects	12,450,000	-	12,450,000	-
Sub Total		**538,224,965**	**66,677,133**	**471,547,832**	**12.4**
County Assembly					
CP 63: General Administration and support services	CSP 63.1: Administrative support service	851,195,833	55,934,438	795,261,395	6.6
CP 64: Infrastructure Development	CSP 64.1: Infrastructure	60,000,000	-	60,000,000	-
Sub Total		**911,195,833**	**55,934,438**	**855,261,395**	**6.1**

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Grand Total		8,118,458,146	951,200,449	7,167,257,697	11.7

Source: Busia County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administrative support service in the Department of Education and Vocational Training at 28.7 per cent, Administrative support service in the Department of Trade, Investment, Industry and Cooperatives at 26.0 per cent, Administrative support service in the Department of Infrastructure and Energy at 23 per cent, and Administrative support service in the Department of Agriculture, Livestock and Fisheries at 22.7 per cent of budget allocation.

3.5.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was received on 28th October 2022.
2. The underperformance of own-source revenue at Kshs.45.37 million against an annual projection of Kshs.469.13 million, representing 9.7 per cent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the County Assembly Car Loan and Mortgage Fund, County Executive Car Loan and Mortgage Fund, Busia County Cooperative Enterprise Development Fund and Busia County Health Services Fund were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.1.76 billion as of 30th September, 2022. This is despite the availability of cash in the CRF, which stood at Kshs.256.79 million at the end of the First Quarter of FY 2022/23.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*

3.6 County Government of Elgeyo Marakwet

3.6.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.4.85 billion, comprising Kshs.1.14 billion (23.5 per cent) and Kshs.3.71 billion (76.5 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 27.1 per cent compared to the previous financial year when the approved budget was Kshs.6.65 billion and comprised of Kshs.3.10 billion towards development expenditure and Kshs.3.56 billion for recurrent expenditure. The FY 2022/23 budget has not accommodated funds that have been rolled over from the previous year.

To finance the budget, the County expects to receive Kshs.4.61 billion (94.9 per cent) as the equitable share of revenue raised nationally and generate Kshs.246.24 million (5.1 per cent) from its own source of revenue. The County did not budget for unspent cash balance from the previous financial year, which amounted to Kshs.583.49 million and also did not budget for conditional grants.

3.6.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs. Kshs.760.08 million as the equitable share of the revenue raised nationally, raised Kshs.30.80 million as own-source revenue and had a cash balance of Kshs.583.49 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.37 billion, as shown in Table.

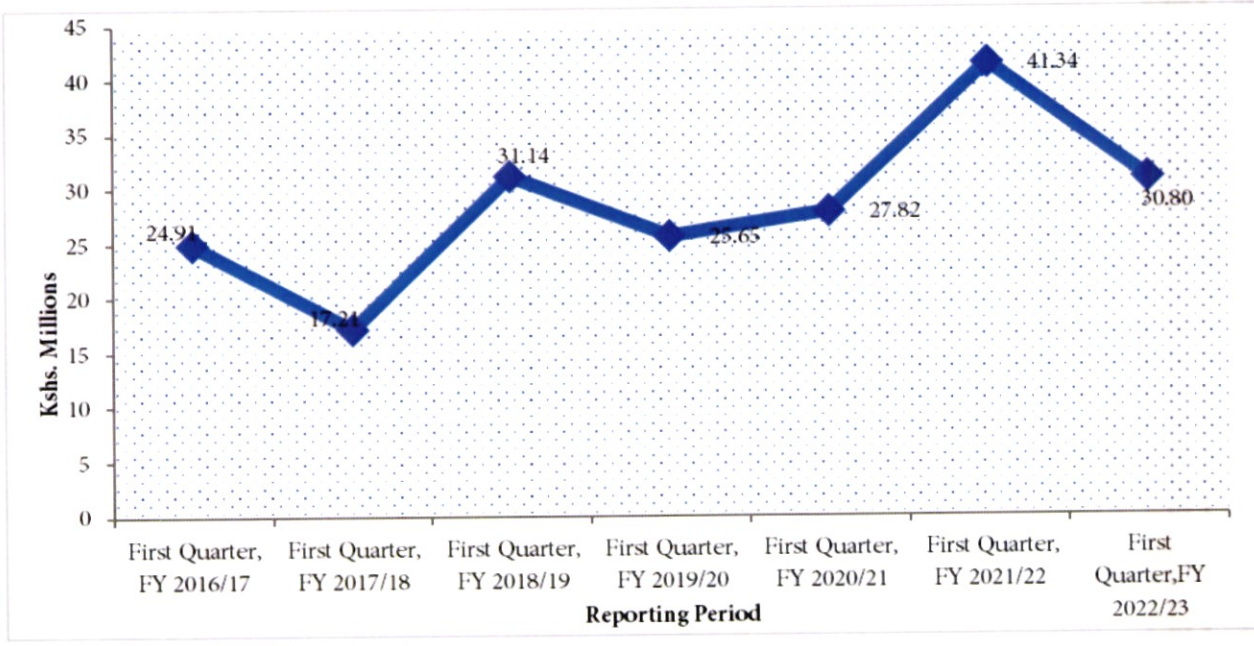
Table 3-20: Elgeyo Marakwet County, Revenue Performance in the First Quarter of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	4,606,532,480	760,077,859	16.5
Sub Total		**4,606,532,480**	**760,077,859**	**16.5**
B	**Other Sources of Revenue**			
1	Own Source Revenue	246,239,212	30,795,949	12.5
2	Balance b/f from FY 2021/22	-	583,492,651	
Sub Total		**246,239,212**	**614,288,600**	**249.5**
Grand Total		**4,852,771,692**	**1,374,366,459**	**28.3**

Source: Elgeyo Marakwet County Treasury

Figure 3-13 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

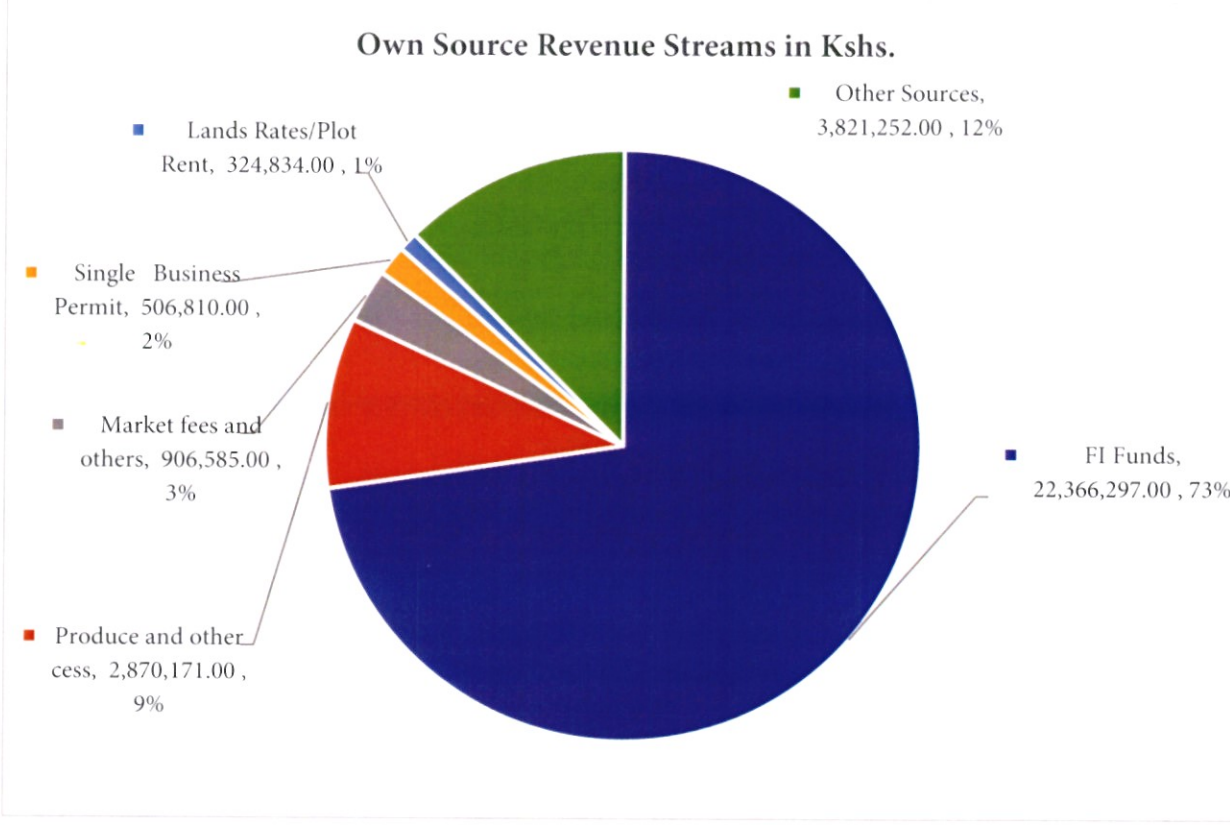
Figure 3-13: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Elgeyo Marakwet County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.30.80 million as own-source revenue. This amount represented a decrease of 25.5 per cent compared to Kshs.41.31 million realised in a similar period in FY 2021/22 and was 12.5 per cent of the annual target and 3.9 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-14.

Figure 3-14: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Elgeyo Marakwet County Treasury

The highest revenue stream was from FIF ofKshs.22.4 million, which contributed to 83 per cent of the OSR collected in the first quarter of FY 2022/23

3.6.3 Exchequer Issues

The Controller of Budget approved Kshs.734.23 million in withdrawals from the CRF account during the reporting period, which was entirely for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.588.27 million for compensation to employees and Kshs146.01 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.457.13 million.

3.6.4 County Expenditure Review

The County spent Kshs.723.18 million on recurrent programmes during the reporting period. This expenditure represented 98.5 per cent of the total funds released by the CoB. The recurrent expenditure represented 19.5 per cent of the annual recurrent expenditure budget.

3.6.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.7.93 million, which comprised Kshs.4.54 million for recurrent expenditure and Kshs.3.39 million for development activities. The County did not settle pending bills during the period under review.

3.6.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.603.43 million on employee compensation and Kshs.82.79 million on operations and maintenance. Similarly, the County Assembly spent Kshs.35.93 million on employee compensation and Kshs.1.03 million on operations and maintenance, as shown in Table 3-21.

Table 3-21: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**3,048,902,684**	**662,408,337**	**686,223,279**	**36,960,151**	**23**	**6**
Compensation to Employees	2,540,174,391	313,108,797	603,429,280	35,931,251	24	11
Operations and Maintenance	508,728,293	349,299,540	82,793,999	1,028,900	16	0
Development Expenditure	1,141,460,671	-	-	-	-	-
Total	**4,190,363,355**	**662,408,337**	**686,223,279**	**36,960,151**	16	6

Source: Elgeyo County Treasury

3.6.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.639.36 million was 46.5 per cent of the First Quarter realised revenue of Kshs.1.37 billion and included Kshs.318.82 million attributable to the health sector, which translated to 49.9 per cent of the total wage bill in the reporting period.

The County Assembly spent Kshs.204,000 on committee sitting allowances for the 34 MCAs and the Speaker against the annual budget allocation of Kshs.43.26 million, which was 0.6 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.6,000 per MCA. The County Assembly established 18 Committees during the period.

3.6.8 County Emergency Fund and County-Established Funds

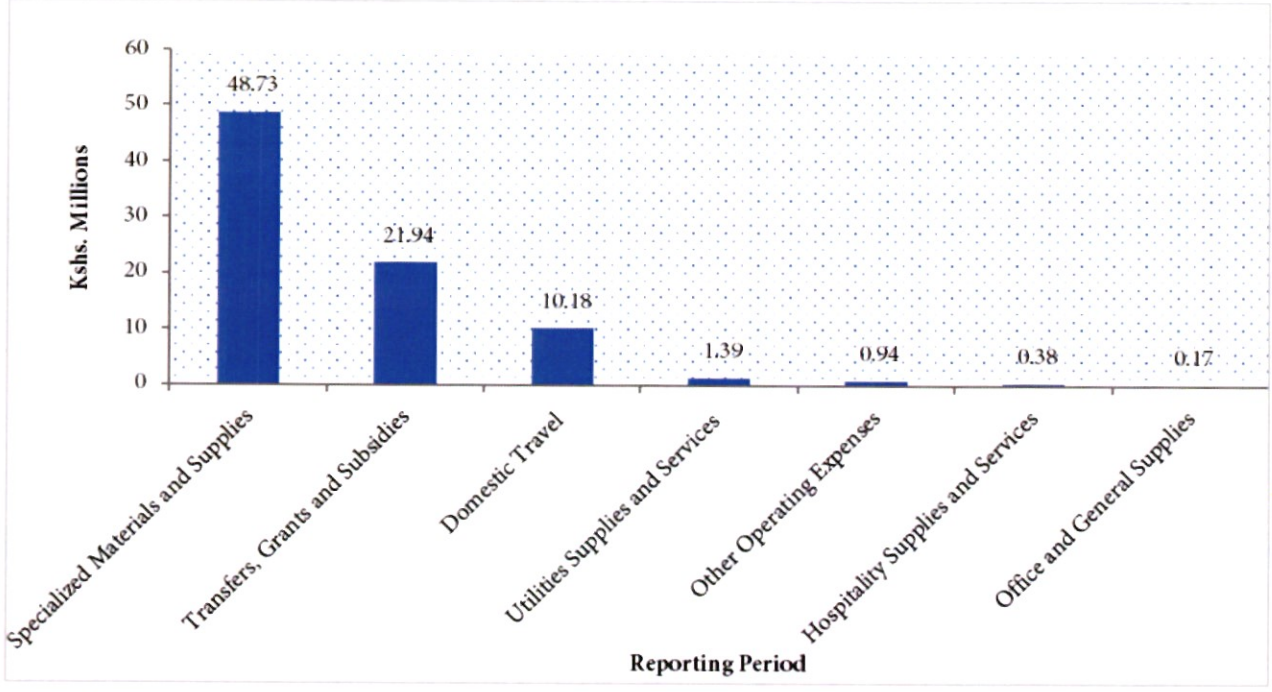
Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.70 million to the Marakwet County Assembly Car & Mortgage Revolving Fund in FY 2022/23, which constituted 1.4 per cent of the County's overall budget for the year. However, the Fund Administrator did not submit quarterly financial returns to the OCOB, which is against the requirement of Section 168 of the PFM Act, 2012.

3.6.9 Expenditure on Operations and Maintenance

Figure 3-15 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-15: Elgeyo Marakwet County, Operations and Maintenance Expenditure by Major Categories



Source: *Elgeyo Marakwet County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.10.18 million spent by the County Executive.

3.6.10 Development Expenditure

The County did not report any expenditure on development activities in the First Quarter of FY 2022/23.

3.6.11 Budget Performance by Department

Table 3-22 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-22: Elgeyo Marakwet County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	662.41	-	85.34	-	36.96	-	43.3	-	5.6	-
Office of the Governor	187.63	0.60	35.42	-	34.54	-	97.5	-	18.4	0.0
Fin & Econ Planning	226.51	-	85.34	-	36.96	-	100.2	-	16.9	0.0
Agric. & Irrigation	99.20	0.60	35.42	-	34.54	-	100.8	-	18.5	0.0
Educ. & Technical Training	225.28	-	38.19	-	38.26	-	100.9	-	19.4	0.0
Health And Sanitation	1,661.83	86.64	18.23	-	18.37	-	110.8	-	23.5	0.0
Water, Lands, Environment & Climate Change	77.06	163.94	43.42	-	43.81	-	100.9	-	18.7	0.0
Roads, Public Works & Transport	111.60	164.60	352.49	-	390.46	-	94.9	-	17.8	0.0

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Tourism, Culture, Wildlife, Trade & Industry	37.98	201.25	14.30	-	14.43	-	100.9	-	20.4	0.0
Youth Affairs, Sports, ICT & Social Services	43.94	346.99	20.98	-	19.90	-	100.7	-	19.2	0.0
Public Service Management & County Admin	239.13	8.85	7.69	-	7.76	-	100.3	-	34.6	0.0
County Public Service Board	44.53	70.50	8.36	-	8.42	-	101.1	-	20.7	-
Livestock Production, Fisheries & Co-Op Dev	94.22	26.16	82.51	-	82.72	-	100.7	-	19.5	0.0
Total	**3,711.31**	**1,141.46**	**734.23**	**-**	**723.18**	**-**	**98.5**	**-**	**19.5**	**0.0**

Source: Elgeyo Marakwet County Treasury

Analysis of expenditure by department shows that the Department of Public Service Management & County Admin had the highest percentage of recurrent expenditure to budget at 34.6 per cent, while the County Assembly had the lowest at 5.6 per cent. County departments did not report expenditures on the development budget.

3.6.12 Budget Execution by Programmes and Sub-Programmes

Table 3-23 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-23: Elgeyo Marakwet County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Agriculture and Irrigation					
General administration and support services		**99,199,387**	**18,374,041**	**80,825,346**	**19**
	General administration and support services	99,199,387	18,374,041	80,825,346	19
Crop Development		**38,839,119**	**0**	**38,839,119**	**0**
	Cash Crops Development	28,814,119	0	28,814,119	0
	Agricultural Extension and Training Services	10,025,000	0	10,025,000	0
Irrigation Development		**47,800,000**	**0**	**47,800,000**	**0**
	Irrigation Development	47,800,000	0	47,800,000	0
Livestock, Veterinary and Fisheries					
General administration and support services		**94,216,098**	**18,332,683**	**75,883,415**	**19**
	General administration and support services	94,216,098	18,332,683	75,883,415	19
Livestock Development		**29,896,927**	**0**	**29,896,927**	**0**
	Livestock Production	29,471,927	**0**	29,471,927	0
	Livestock Extension and Training Services	425,000	0	425,000	0
Cooperative Development		**12,012,571**	**0**	**12,012,571**	**0**

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	Cooperatives development	12,012,571	0	12,012,571	0
Veterinary Services		**30,020,389**	**0**	**30,020,389**	**0**
	Disease Surveillance and Control	26,320,389	0	26,320,389	0
	A I Services	3,700,000	0	3,700,000	0
Trade and Tourism					
General administration and support services		**37,975,644**	**7,760,275**	**30,215,369**	**20**
	General administration and support services	37,975,644	7,760,275	30,215,369	20
Tourism Development		**2,000,000**	**0**	**2,000,000**	**0**
	Tourism Development	2,000,000	0	2,000,000	0
Trade and Enterprise Development		**3,550,000**	**0**	**3,550,000**	**0**
	Trade and enterprise development	3,550,000	0	3,550,000	0
Culture and Heritage Preservation		**3,300,000**	0	**3,300,000**	**0**
	Culture and Heritage Preservation	3,300,000	**0**	3,300,000	0
Roads, Public Works and Transport					
General administration and support services		**103,432,092**	**19,031,317**	**84,400,775**	**18**
	General administration and support services	103,432,092	19,031,317	84,400,775	18
Road Improvement		**338,994,954**	**0**	**338,994,954**	**0**
	Rural road Works	338,994,954	0	338,994,954	0
Public works		**3,870,000**	**0**	**3,870,000**	**0**
	Public Works	3,870,000	0	3,870,000	0
Energy		**12,298,408**	**869,405**	**11,429,003**	**7**
	Energy	12,298,408	869,405	11,429,003	7
Sports, Youth and Gender Affairs					
General administration and support services		**43,936,817**	**8,424,213**	**35,512,605**	**19**
	General administration and support services	43,936,817	8,424,213	35,512,605	19
Sports Development		**30,915,000**	0	**30,915,000**	**0**
	Sports Infrastructure Development	20,365,000	**0**	20,365,000	0
	Sports Talent Development	10,550,000	0	10,550,000	0
Social Empowerment		**34,500,000**	**0**	**34,500,000**	**0**
	Social Empowerment	34,500,000	0	34,500,000	0
Social Protection.		**4,620,000**	**0**	**4,620,000**	**0**
	Social Protection	4,620,000	0	4,620,000	0
ICT Services		**465,000**	**0**	**465,000**	**0**
	ICT Services	465,000	0	465,000	0
Education and Technical Training					
General administration and support services		**225,275,804**	**43,814,112**	**181,461,692**	**19**
	General administration and support services	225,275,804	43,814,112	181,461,692	19

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Technical and Vocational Education and Training (TVET)		**54,994,455**	**0**	**54,994,455**	**0**
	Technical Vocational Education & Training	54,994,455	0	54,994,455	0
Pre-Primary Education		**108,945,155**	**0**	**108,945,155**	**0**
	Pre-Primary Education	108,945,155	0	108,945,155	0
County Public Service Board					
General administration and support services		**44,534,538**	**9,208,184**	**35,326,354**	**0**
	General administration and support services	44,534,538	9,208,184	35,326,354	0
Water, Lands and Physical Planning					
General administration and support services		**77,059,204**	**14,427,169**	**62,632,035**	**19**
	General administration and support services	77,059,204	14,427,169	62,632,035	19
Water and Sanitation Management		**191,804,772**	**0**	**191,804,772**	**0**
	Water Services	191,804,772	0	191,804,772	0
Environmental Management and Protection		**2,600,000**	**0**	**2,600,000**	**0**
	Environmental conservation	2,600,000	0	2,600,000	0
Solid Waste Management		**1,000,000**	**0**	**1,000,000**	**0**
	Solid waste management	1,000,000	0	1,000,000	0
Lands, Physical Planning and Urban Development		**5,850,000**	**0**	**5,850,000**	**0**
	Lands, Physical Planning and Urban Dev	5,850,000	0	5,850,000	0
Health and Sanitation					
General administration and support services		**1,661,827,955**	**390,464,031**	**1,271,363,924**	**23**
	Default - Non-Programmatic	1,661,827,955	390,464,031	1,271,363,924	23
Preventive and Promotive health		**14,229,042**	**0**	**14,229,042**	**0**
	Community and Environmental Health	14,229,042	0	14,229,042	0
Curative and Rehabilitative Health		**150,369,759**	**0**	**150,369,759**	**0**
	County Hospitals	54,524,473	0	54,524,473	0
	Primary Care Units	89,845,286	0	89,845,286	0
	Emergency Medical Services	6,000,000	0	6,000,000	0
Office of the Governor					
General administration and support services		**119,625,732**	**26,486,122**	**93,139,610**	**22**
	General administration and support services	119,625,732	26,486,122	93,139,610	22
Open Governance, Transparency and Accountability		**68,608,752**	**8,052,567**	**60,556,185**	**0**
	Governance	68,608,752	8,052,567	60,556,185	12
Public Service Management					
General administration and support services		**234,635,000**	**82,715,968**	**151,919,032**	**35**
	General administration and support services	234,635,000	82,715,968	151,919,032	35
Public Service Management		**30,650,325**	**0**	**30,650,325**	**0**

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	SP 4.1 Human Resource Management	1,075,000	0	1,075,000	0
	Coordination of government functions	29,075,325	0	29,075,325	0
	Citizen participation and Civic Education	500,000	0	500,000	0
Finance & Economic Planning					
General administration and support services		**186,810,456**	**37,507,923**	**149,302,533**	**20**
	General administration and support services	186,810,456	37,507,923	149,302,533	20
Financial Management		**39,700,000**	**755,270**	**38,944,730**	**2**
	Monitoring, Evaluation and reporting	6,000,000	0	6,000,000	0
	Economic Planning & Budgeting	17,000,000	40,000	16,960,000	0
	Accounting services	7,000,000	625,270	6,374,730	9
	Supply Chain Management	2,800,000	50,000	2,750,000	2
	Revenue Management Services	6,900,000	40,000	6,860,000	1
County Assembly					
General administration, planning and support services		**256,120,090**	**36,960,151**	**219,159,939**	**14**
	General administration, planning and support services	256,120,090	36,960,151	219,159,939	14
Legislation and representation		**366,108,797**	**0**	**366,108,797**	**0**
	Legislation and representation	366,108,797	0	366,108,797	0
Legislative oversight		**40,179,450**	**0**	**40,179,450**	**0**
	Legislative oversight	40,179,450	0	40,179,450	0
Grand Total		**4,852,771,692**	**723,183,430**	**4,129,588,262**	**15**

Source: *Elgeyo Marakwet County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: General administration and support services in the Department of Public Service Management at 35 per cent, the same programme in the Department of Health and Sanitation at 23 per cent, General administration and support services in the Office of the Governor at 22 per cent of budget allocation.

3.6.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.30.8 million against an annual projection of Kshs.246.24 million, representing 12.5 per cent of the annual target.
2. Failure by the County Treasury to appropriate the unspent cash balance from the previous financial year, which amounted to Kshs.583.49 million.

The County should implement the following recommendations to improve budget execution;

1. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should cause the supplementary budget to be prepared in order to appropriate the unspent cash balances from the previous financial year.*

3.7 County Government of Embu

3.7.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.7.18 billion, comprising Kshs.2.57 billion (35.9 per cent) and Kshs.4.60 billion 64.1 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is an improvement of 4.0 per cent compared to the previous financial year when the approved budget was Kshs.6.90 billion and comprised of Kshs.2.47 billion towards development expenditure and Kshs.4.43 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.54 billion (77.1per cent) as the equitable share of revenue raised nationally, and generate Kshs.950 million (13.2 per cent) from its own sources of revenue. The County also expects to receive Kshs.689.89 million (9.6 per cent) as conditional grants, which consist of - Leasing of Medical Equipment, IDA (World Bank) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP), DANIDA Grant, Sweden - Agricultural Sector Development Support Programme (ASDSP) II, World Bank Emergency Locust Responses Projects (ELRP), IDA (World Bank) Credit Financing Locally Led Climate Action Programme (FLLoCA) Program, County Institutional Support, and Kenya Nutritional Support Grant.

3.7.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.26 billion as the equitable share of the revenue raised nationally and raised Kshs.70.11 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.33 billion, as shown in Table 3-24.

Table 3-24: Embu County, Revenue Performance in the First Quarter of FY 2022/23

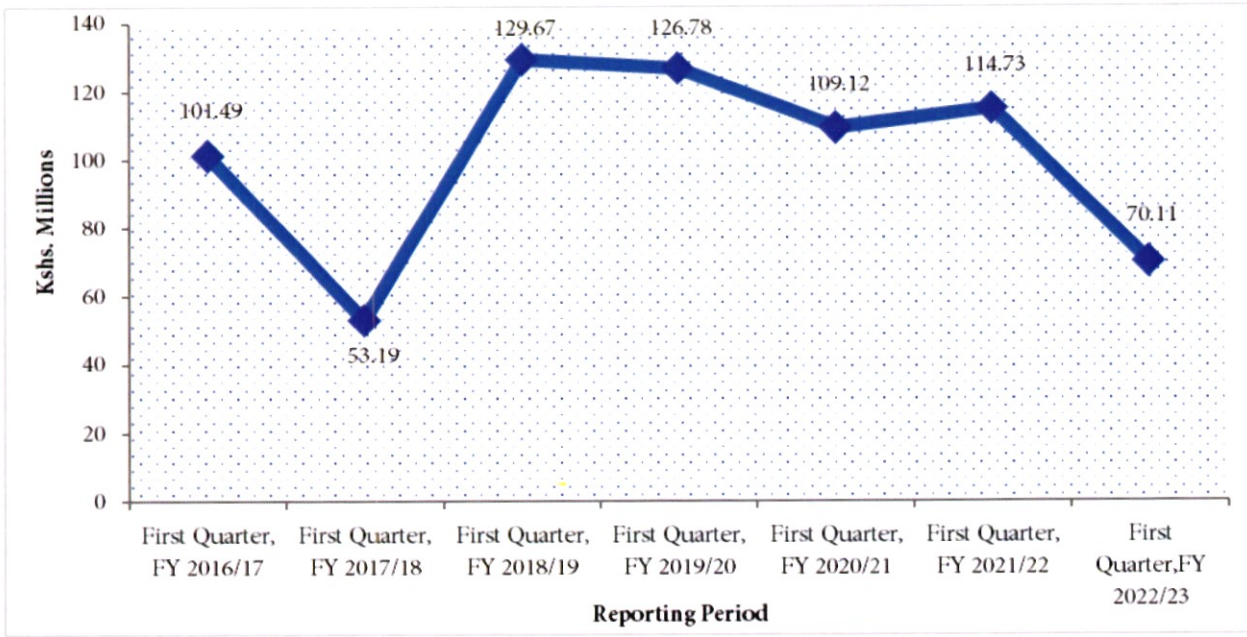
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,535,263,263	1,255,684,720	22.7
Sub Total		**5,535,263,263**	**1,255,684,720**	**22.7**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	950,000,000	70,112,285	7.4
2.	Conditional Grants	689,891,081	-	-
Sub Total		**1,639,891,081**	**70,112,285**	**4.3**
Grand Total		**7,175,154,344**	**1,325,797,005**	**18.5**

Source: Embu County Treasury

No conditional grants were released in the First Quarter of FY 2022/23.

Figure 3-16 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

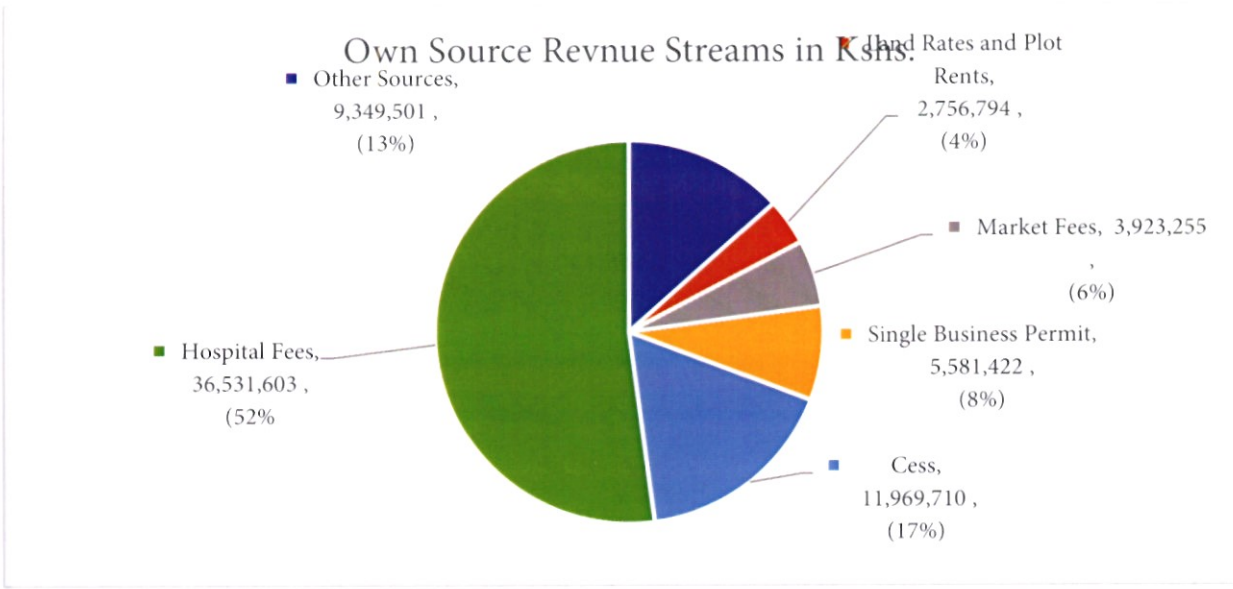
Figure 3-16: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Embu County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.70.11 million as own-source revenue. This amount represented a decrease of 38.9 per cent compared to Kshs.114.73 million realised in a similar period in FY 2021/22 and was 7.4 per cent of the annual target and 5.6 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-17.

Figure 3-17: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Embu County Treasury

The highest revenue stream was from Ministry of Health of Kshs.36.5 million, which contributed to 52 per cent of the OSR collected in the first quarter of FY 2022/23.

3.7.3 Exchequer Issues

The Controller of Budget approved Kshs.855.19 million in withdrawals from the CRF account during the reporting period, which was entirely for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.747.97 million for compensation to employees and Kshs.107.21 million for Operations and Maintenance expenditures.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.482.94 million.

3.7.4 County Expenditure Review

The expenditure of Kshs.817.28 million for the period under review was entirely on recurrent programmes. This expenditure represented 95.6 per cent of the total funds released by the CoB and 17.8 per cent of the annual recurrent expenditure budget.

3.7.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.2.24 billion, which comprised Kshs.1.16 billion for recurrent expenditure and Kshs.1.08 billion for development activities. During the period under review, pending bills amounting to Kshs.248.59 million were settled entirely for recurrent expenditure. Therefore, as of 30th September 2022, the outstanding pending bills were Kshs.1.99 billion.

3.7.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.657.45 million on employee compensation and Kshs.76.68 million on operations and maintenance. Similarly, the County Assembly spent Kshs.46.24 million on employee compensation and Kshs.36.91 million on operations and maintenance, as shown in Table 3-25.

Table 3-25: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**3,758,406,899**	**842,449,416**	**734,134,289**	**83,147,335**	**19.5**	**9.9**
Compensation to Employees	3,083,356,586	322,304,447	657,452,708	46,237,137	21.3	14.3
Operations and Maintenance	675,050,313	520,144,969	76,681,581	36,910,198	11.4	7.1
Development Expenditure	**2,329,298,029**	**245,000,000**	-	-	**0.0**	**0.0**
Total	**6,087,704,928**	**1,087,449,416**	**734,134,289**	**83,147,335**	**12.1**	**7.6**

Source: Embu County Treasury

3.7.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.703.69 million was 53.1 per cent of the annual realised revenue of Kshs.1.33 billion and included Kshs.361.07 million attributable to the health sector, which translated to 51.3 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.696.36 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.7.33 million. The manual payroll amounted to 1.0 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD

system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of UPNs for their staff.

The County Assembly spent Kshs.2.64 million on committee sitting allowances for the 30 MCAs and the Speaker against the annual budget allocation of Kshs.23.15 million, which was 5.7 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.28,348 per MCA. The County Assembly established 24 Committees, and one bill was processed during the period.

3.7.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.231 million to county-established funds in FY 2022/23, which constituted 3.2 per cent of the County's overall budget for the year. Table 3-26 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-26: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
1.	Embu County Education Support Fund	50,000,000	-		No
2.	Embu County Youth Trust Fund	10,000,000	-		No
3.	Embu County Emergency Fund	11,000,000	-		No
4.	Embu County Executive Car & Mortgage	-	-		No
5.	Embu County Assembly Mortgage Members Scheme Fund	110,000,000	-	6,976	Yes
6.	County Assembly of Embu (Staff) Car Loan and Mortgage Scheme Fund	50,000,000	-		No
	Total	**231,000,000**		**6,976**	

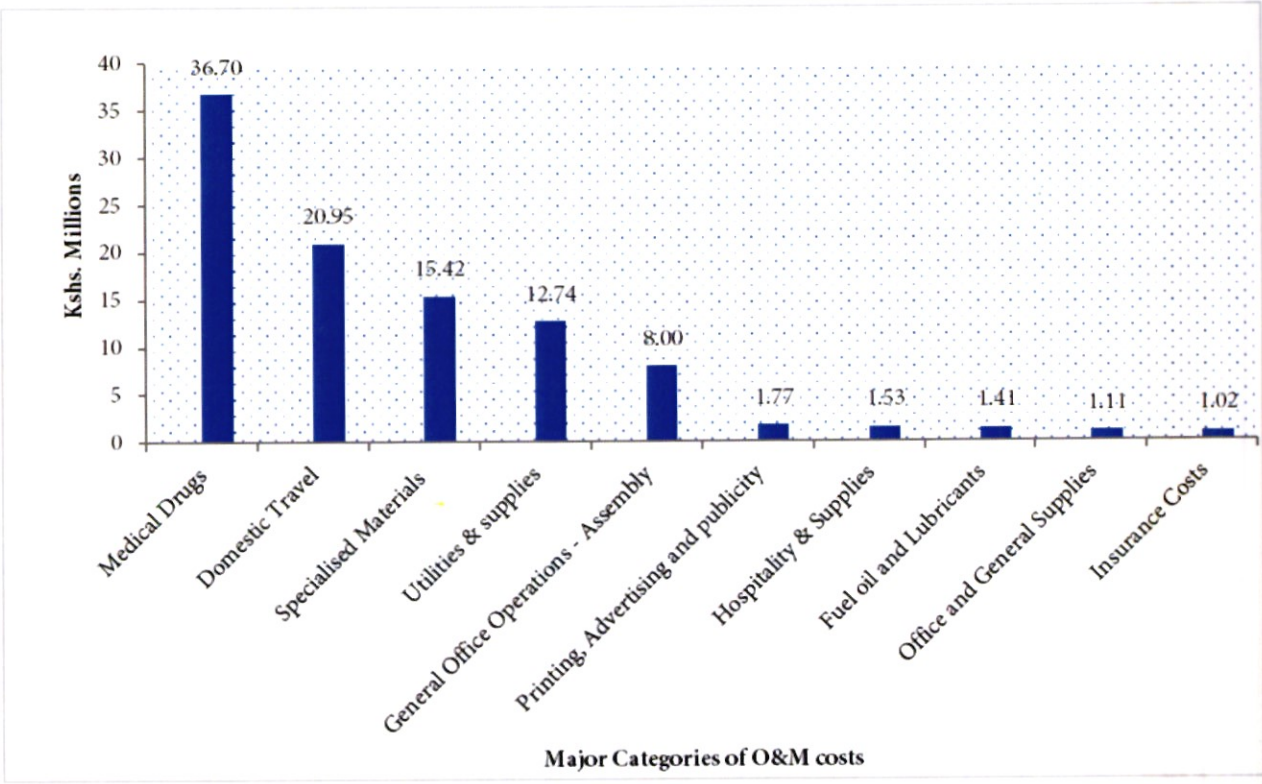
Source: Embu County Treasury

As indicated in Table 3-26, the OCoB did not receive quarterly financial returns from the Fund Administrators, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.7.9 Expenditure on Operations and Maintenance

Figure 3-18 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-18: Embu County, Operations and Maintenance Expenditure by Major Categories



Source: Embu County Treasury

During the period, expenditure on domestic travel amounted to Kshs.20.95 million and comprised Kshs.19.59 million spent by the County Assembly and Kshs.1.36 million by the County Executive.

3.7.10 Development Expenditure

In the First Quarter of FY 2022/23, the County did not report any expenditure on development programmes.

3.7.11 Budget Performance by Department

Table 3-27 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-27: Embu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of Governor	157.52	-	16.97	-	13.34	-	78.6	-	8.5	-
County Public Service Board	30.67	-	3.26	-	4.41	-	135.5	-	14.4	-
Public Service and Administration	604.53	29.00	132.39	-	110.34	-	83.3	-	18.3	0.0
County Assembly	842.45	245.00	110.00	-	83.15	-	75.6	-	9.9	0.0
Gender, Culture, Children and Social Services	22.08	52.77	2.48	-	3.61	-	145.2	-	16.3	0.0
Finance and Economic Planning	125.03	-	15.82	-	23.38	-	147.8	-	18.7	-
Trade Tourism Investment and Industrialization	39.42	68.07	3.25	-	4.68	-	144.1	-	11.9	0.0
Agriculture, Livestock, Fisheries and Co-Operative Development	245.85	418.50	44.41	-	41.25	-	92.9	-	16.8	0.0
Health	1,794.08	259.38	400.05	-	382.37	-	95.6	-	21.3	0.0

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Embu Level 5 Hospital	164.96	92.91	43.14	-	53.11	-	123.1	-	32.2	0.0
Infrastructure, Public Works and Housing.	48.34	1,075.19	2.88	-	4.67	-	162.2	-	9.7	0.0
Education, Science and Technology	357.25	62.44	64.36	-	65.89	-	102.4	-	18.4	0.0
Lands, Physical Planning and Urban Development & Water	105.86	93.17	14.03	-	22.63	-	161.4	-	21.4	0.0
Youth Empowerment and Sports	14.86	45.80	1.58	-	2.55	-	161.4	-	17.2	0.0
Youth Empowerment and Sports	14.86	45.80	1.58	-	2.55	-	161.4	-	17.2	0.0
Embu Financing Locally Led Climate Action Program	42.94	122.06	0.58	-	1.87	-	324.6	-	4.4	0.0
TOTAL	**4,600.86**	**2,574.30**	**855.19**	**-**	**817.28**	**-**	**95.6**	**-**	**17.8**	**0.0**

Source: Embu County Treasury

Analysis of expenditure by department shows that the Embu Level 5 Hospital had the highest percentage of recurrent expenditure to budget at 32.2 per cent. The Department of Embu Financing Locally Led Climate Action Program had the lowest at 4.4 per cent. Several departments have expenditures above exchequer issues which were caused by the diversion of funds by the County Treasury.

Recurrent expenditure ceilings were Kshs.594.79 million and Kshs.569.00 million for the County Assembly and Executive, respectively, as set in CARA 2022. The allocation for recurrent expenditure for the County Assembly is above the CARA ceilings by Kshs.87.66 million (after considering exempted expenditure), while the County Executive recurrent expenditure is within the ceilings in CARA,2022.

3.7.12 Budget Execution by Programmes and Sub-Programmes

Table 3-28 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-28: Embu County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (Kshs.)
OFFICE OF GOVERNOR					
P1: General Administration Planning and Support Services	SP1.1: Management of County Affairs (Office of Governor)	94,510,072	8,006,176	86,503,895	8.5
P2: County Leadership and Coordination	SP2.1: Sub-County Administration and Field Services	31,503,357	2,668,725	28,834,632	8.5
	SP2.2: Management of County Executive Services (Office of County Secretary)	18,902,014	1,601,235	17,300,779	8.5
P3: County Leadership and Coordination	SP3.1: Public Sector Advisory Services (Legal, Political, and Economic Advisors)	12,601,343	1,067,490	11,533,853	8.5
Sub Total		**157,516,786**	**13,343,627**	**144,173,159**	**8.5**
COUNTY PUBLIC SERVICE BOARD					
P1: Administration of Human Resources in Public Service	SP1.1: Performance Management & Discipline	5,214,729	750,015	4,464,714	14.4
	SP1.2: Administration of board programmes	7,668,720	1,102,964	6,565,756	14.4

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (Kshs.)
	SP1.3: Recruitment and Selection, Career Management, HR Policy & Audit	10,736,208	1,544,150	9,192,058	14.4
	SP1.4 Quality service delivery in the County Public Service that is effective and efficient	7,055,222	1,014,727	6,040,495	14.4
Sub Total		**30,674,879**	**4,411,856**	**26,263,023**	**14.4**
PUBLIC SERVICE AND ADMINISTRATION					
P1: General Administration Planning and Support Services	SP1.1: Service Delivery and Management of County Affairs	273,489,958	47,633,263	225,856,695	17.4
P2: Public Service	SP2.1: Human Resource Development and Culture Change Management	217,387,411	37,861,982	179,525,429	17.4
P3: ICT Infrastructure Expansion	SP3: ICT Infrastructure Expansion	142,660,156	24,846,868	117,813,288	17.4
Sub Total		**633,537,525**	**110,342,113**	**523,195,412**	**17.4**
GENDER, CHILDREN, CULTURE & SOCIAL SERVICES					
P1: Policy and General Administrative Services	SP1.1: General Administrative Unit	11,227,934	540,923	10,687,010	4.8
P2: Gender and Social Development	SP2.1: Communication Mobilization and Development	14,970,578	721,231	14,249,347	4.8
	SP2.2: Social Welfare Services	11,227,934	540,923	10,687,010	4.8
	SP2.3 : Vocational Rehabilitation and Training	7,485,289	360,616	7,124,674	4.8
	SP2.4 : Gender Mainstreaming and Development	11,227,934	540,923	10,687,010	4.8
P3: Children Services	SP3.1: Child Rehabilitation and Custody	11,227,934	540,923	10,687,010	4.8
P4: Culture and Cultural Preservation	SP 4.1 Cultural Preservation	7,485,289	360,616	7,124,674	4.8
Sub Total		**74,852,892**	**3,606,156**	**71,246,736**	**4.8**
FINANCE AND ECONOMIC PLANNING					
P1: General Administration Planning and Support Services	SP1.1: Administration, Planning and Support Services	22,326,885	4,174,246	18,152,640	18.7
P2:Economic Policy and County Planning	SP 2.1: Economic Development Planning and Coordination	31,257,639	5,843,944	25,413,696	18.7
P3:Financial Management Services	SP3.1: Revenue Management Services	35,720,059	6,678,240	29,041,819	18.7
P4: Monitoring and Evaluation	SP3.2: Control and Management of Public Finances	11,163,443	2,087,123	9,076,320	18.7
	SP 4.1:Monitoring and Evaluation of projects	13,396,131	2,504,547	10,891,584	18.7
P5: Research and Statistics	SP5.1: County database and profile	11,163,443	2,087,123	9,076,320	18.7
Sub Total		**125,027,600**	**23,375,222**	**101,652,378**	**18.7**
TRADE, TOURISM, INVESTMENT AND INDUSTRIALISATION					
P1: Administrative Support Services	P1.1: Administrative Support Services	12,772,280	556,104	12,216,176	4.4
P2: Trade Development and Promotion	P2.1: Trade Development and Promotion	51,722,229	2,251,982	49,470,247	4.4

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (Kshs.)
P3: Industrial Development and Investment	P3.1:Industrial Development and Investment	23,647,986	1,029,632	22,618,355	4.4
P4: Tourism Development	P4.1:Tourism Development	19,348,352	842,426	18,505,926	4.4
Sub Total		**107,490,847**	**4,680,143**	**102,810,704**	**4.4**
AGRICULTURE, LIVESTOCK, FISHERIES AND COOPERATIVE DEVELOPMENT					
P1: Administrative Support Services	P1.1: Administrative Support Services	86,709,934	5,384,313	81,325,621	6.2
P2: Crop Development and Management	P2.1:Crop Development and Management	309,801,272	19,237,324	290,563,948	6.2
P3: Agribusiness and Information Management	P3.1:Agribusiness and Information Management	86,365,710	5,362,938	81,002,772	6.2
P4: Livestock Resources Management and Development	P4.1:Livestock Resources Management and Development	115,039,538	7,143,459	107,896,079	6.2
P5: Aquaculture Development and management	P5.1:Fisheries Development	66,435,162	4,125,337	62,309,825	6.2
Sub Total		**664,351,617**	**41,253,372**	**623,098,245**	**6.2**
HEALTH					
P1: Curative Health Services	SP1.1: Primary Health Care	1,207,216,901	224,790,598	982,426,303	18.6
P2: Preventive and Promotive Health Services	SP2.1: Health Promotion & Disease Control	474,458,325	88,346,817	386,111,508	18.6
P3: General Administration Planning and Support Services	SP3.1: General Administration services	371,785,298	69,228,520	302,556,778	18.6
Sub Total		**2,053,460,524**	**382,365,936**	**1,671,094,588**	**18.6**
EMBU LEVEL 5 HOSPITAL					
P1: Curative Health Services	SP1.1: Primary Health Care	173,522,994	35,735,935	137,787,059	20.6
P2: Preventive and Promotive Health Services	SP2.1: Health Promotion & Disease Control	48,621,341	10,013,250	38,608,091	20.6
P3: General Administration Planning and Support Services	SP3.1: General Administration services	35,727,737	7,357,896	28,369,842	20.6
Sub Total		**257,872,072**	**53,107,080**	**204,764,992**	**20.6**
INFRASTRUCTURE, PUBLIC WORKS AND HOUSING					
P1: General Administration Planning and Support Services	SP1.1: General Administration Services	70,679,332	293,838	70,385,494	0.4
P2: Roads Transport	SP2.1: Rural Roads Improvement and Maintenance	1,037,265,953	4,312,269	1,032,953,684	0.4
P3: Street lighting	SP3.1: Street lighting	15,586,142	64,797	15,521,345	0.4
Sub Total		**1,123,531,427**	**4,670,904**	**1,118,860,523**	**0.4**
EDUCATION, SCIENCE AND TECHNOLOGY					
P1: General Administration, Planning and Support Services	SP1.1:General Administration and Support Services	104,923,660	16,472,814	88,450,846	15.7
P2:Quality Assurance and Standards	SP2.1: Quality Assurance Quality Assurance & Standards	83,938,928	13,178,251	70,760,677	15.7
P3: ECDE and Tertiary Education (Polytechnics)	SP3.1: ECDE and Tertiary Education (Polytechnics)	230,832,053	36,240,192	194,591,861	15.7
Sub Total		**419,694,641**	**65,891,257**	**353,803,384**	**15.7**
LANDS, PHYSICAL PLANNING AND URBAN DEVELOPMENT					
P1: Water Supply and Sewerage Services	SP1.1: Domestic water supply	90,203,900	10,257,424	79,946,476	11.4

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (Kshs.)
P2: Environment Conservation and Management	SP2.1: Environmental conservation and management	26,775,038	3,044,690	23,730,348	11.4
P3: Land management, Policy and Planning	SP3.1: Physical planning and urban Planning	37,641,811	4,280,392	33,361,419	11.4
	SP3.2: Survey and mapping	23,883,931	2,715,932	21,168,000	11.4
P4: General Administration, Planning and Support Services	SP 4.1 General Administration and Support Services	20,528,079	2,334,325	18,193,754	11.4
Sub Total		**199,032,759**	**22,632,763**	**176,399,996**	**11.4**
YOUTH EMPOWERMENT AND SPORTS					
P1: Youth Development and Empowerment Services	SP5.1:Youth Development and Empowerment Services	30,330,680	1,275,132	29,055,548	4.2
P2: Management and Development of Sports and Sports Facilities	SP5.1: Community Sports programme	24,264,544	1,020,106	23,244,438	4.2
P3: General Administration Planning and Support Services	SP3.1: General Administration services	6,066,136	255,026	5,811,110	4.2
Sub Total		**60,661,359**	**2,550,264**	**58,111,095**	**4.2**
EMBU COUNTY REVENUE AUTHORITY (ECRA)					
P1: Financial Management Services	SP1.1: Revenue Management Services	2,736,028	6,406	2,729,623	0.2
	SP1.2: Revenue Management Services	12,263,972	28,712	12,235,259	0.2
Sub Total		**15,000,000**	**35,118**	**14,964,882**	**0.2**
EMBU FINANCING LOCALLY LED CLIMATE ACTION PROGRAM					
P: 1: General Administration Planning and Support Services	SP: 1: General Administration Planning and Support Services	63,096,313	714,510	62,381,803	1.1
P2: Environment Conservation and Management	SP1.2: Manage Climate Risks	101,903,687	1,153,968	100,749,719	1.1
Sub Total		**165,000,000**	**1,868,478**	**163,131,522**	**1.1**
COUNTY ASSEMBLY					
P: 1: General Administration Planning and Support Services	SP: 1: General Administration Planning and Support Services	750,469,650	60,498,757	689,970,892	8.1
P: 1: Legislation	SP: 1: Legislation	336,979,766	22,648,578	314,331,189	6.7
Sub Total		**1,087,449,416**	**83,147,335**	**1,004,302,081**	**7.7**
Grand Total		**7,175,154,344**	**817,281,624**	**6,357,872,720**	**11.4**

Source: Embu County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: (SP1.1: Primary Health Care, SP2.1: Health Promotion & Disease Control, and SP3.1: General Administration services) in the Department of Embu Level 5 Hospital at 20.6 per cent, (SP1.1: Administration, Planning and Support Services, SP 2.1: Economic Development Planning and Coordination, SP3.1: Revenue Management Services, SP3.2: Control and Management of Public Finances, SP 4.1:Monitoring and Evaluation of projects, and SP5.1: County database and profile) in the Department of Finance and Economic Planning at 18.7 per cent, (SP1.1: Primary Health Care, SP2.1: Health Promotion & Disease Control, and SP3.1: General Administration services) in the Department of Health at 18.6 per cent, and (SP1.1: Performance Management & Discipline, SP1.2: Administration of board programmes, SP1.3: Recruitment and Selection, Career Management, HR Policy & Audit, and SP1.4 Quality service delivery) in the County Public Service that is effective and efficient, Department of Public Service and Administration at 17.4 per cent of budget allocation.

3.7.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.70.11 million against an annual projection of Kshs.950 million, representing 7.4 per cent of the annual target.
2. Diversion of funds by the County Treasury and poor budgeting practice, as shown in Table 3-27, where the County incurred expenditure over approved exchequer issues in a number of departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Embu County Education Support Fund, Embu County Youth Trust Fund, Embu County Emergency Fund, Embu County Executive Car & Mortgage, and County Assembly of Embu (Staff) Car Loan and Mortgage Scheme Fund were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.1.99 billion as of 30th September, 2022. This is despite having a cash balance of Kshs.482.94 million at the end of the First Quarter of FY 2022/23.

The County should implement the following recommendations to improve budget execution;

1. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*

3.8 County Government of Garissa

3.8.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.9.16 billion, comprising Kshs.2.81 billion (30.7 per cent) and Kshs.6.35 billion (69.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 12.3 per cent compared to a similar period of the previous financial year when the approved budget was Kshs.10.44 billion and comprised of Kshs.3.34 billion towards development expenditure and Kshs.7.10 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.93 billion (86.5 per cent) as the equitable share of revenue raised nationally, generate Kshs.116.4 million (1.3 per cent) from its sources of revenue and Kshs.33.6 million (0.4 per cent) as Appropriation in Aid. The County did not budget for an unspent cash balance of Kshs.661.76 million from the previous financial year. Further, the County expects to receive Kshs.1.09 billion (11.9 per cent) as conditional grants, which consist of Kshs.33.36 million grant for Transforming Health System for Universal Care, Kshs.348.17 million grants from Kenya Climate Smart Agricultural Project and, Kshs.35.53 million for ASDSP II, Kshs.15.57 million from DANIDA, Kshs.64.61 million for KDSP level 1 grants, Kshs.40.48 million for Emergency Locust response Project and Kshs.550 million as Water and Sanitation Development Project.

3.8.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.31 billion as the equitable share of the revenue raised nationally, raised Kshs.10.10 million as own-source revenue and had a cash balance of Kshs.661.76 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.98 billion, as shown in Table 3-29.

Table 3-29: Garissa County, Revenue Performance in the First Quarter of FY 2022/23

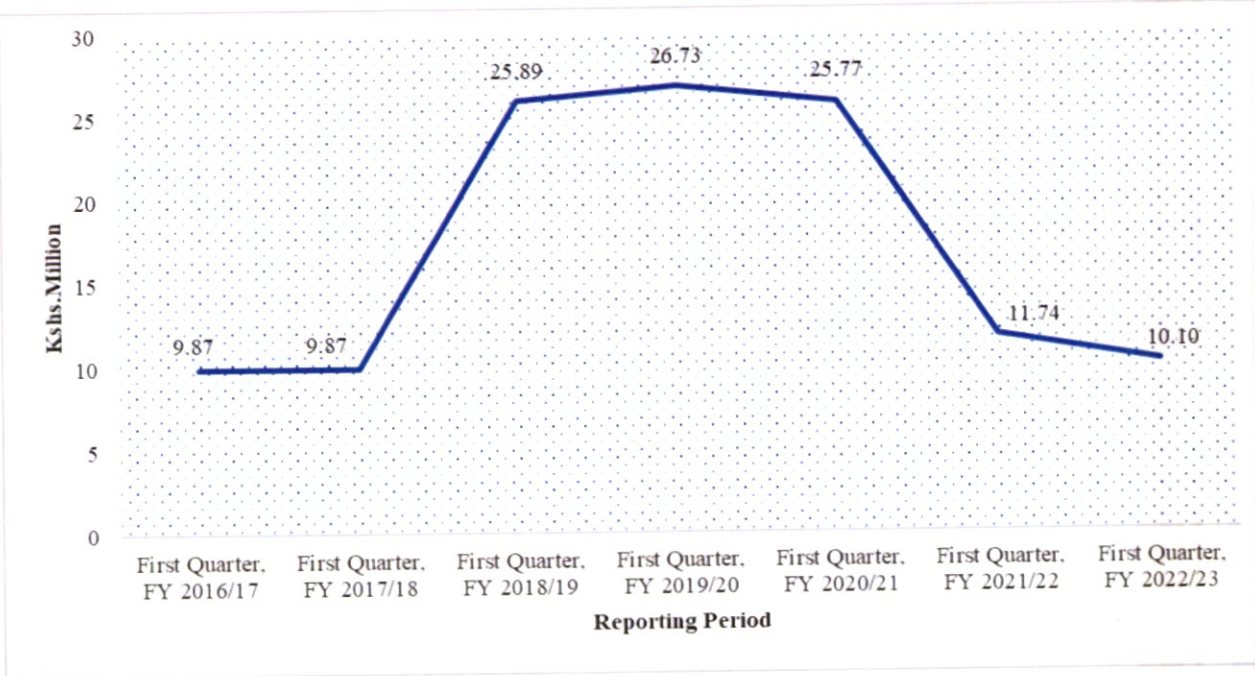
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**7,927,212,254**	**1,307,990,022**	**16.5**
Sub Total		**7,927,212,254**	**1,307,990,022**	**16.5**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	116,400,000	10,095,110	8.7
2.	Appropriation in Aid	33,600,000	-	-
3.	Transforming Health Systems for Universal Care Project	33,361,734	-	-
4.	Kenya Climate Smart Agricultural Project and ASDSP	348,172,365	-	-
5.	ASDSP II	35,533,363	-	-
6.	Danida	15,567,750	-	-
7.	KDSP Level 1 grant	64,613,906	-	-
8.	Emergency Locust Response Project	40,478,667	-	-
9.	Water and Sanitation Development Project	550,000,000	-	-
10.	Unspent balance from FY 2021/22	-	661,757,370	0.0
Sub Total		**1,237,727,785**	**671,852,480**	**54.3**
Grand Total		**9,164,940,039**	**1,979,842,502**	**21.6**

Source: *Garissa County Treasury*

No conditional grants were disbursed in the First Quarter of FY 2022/23.

Figure 3-19 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

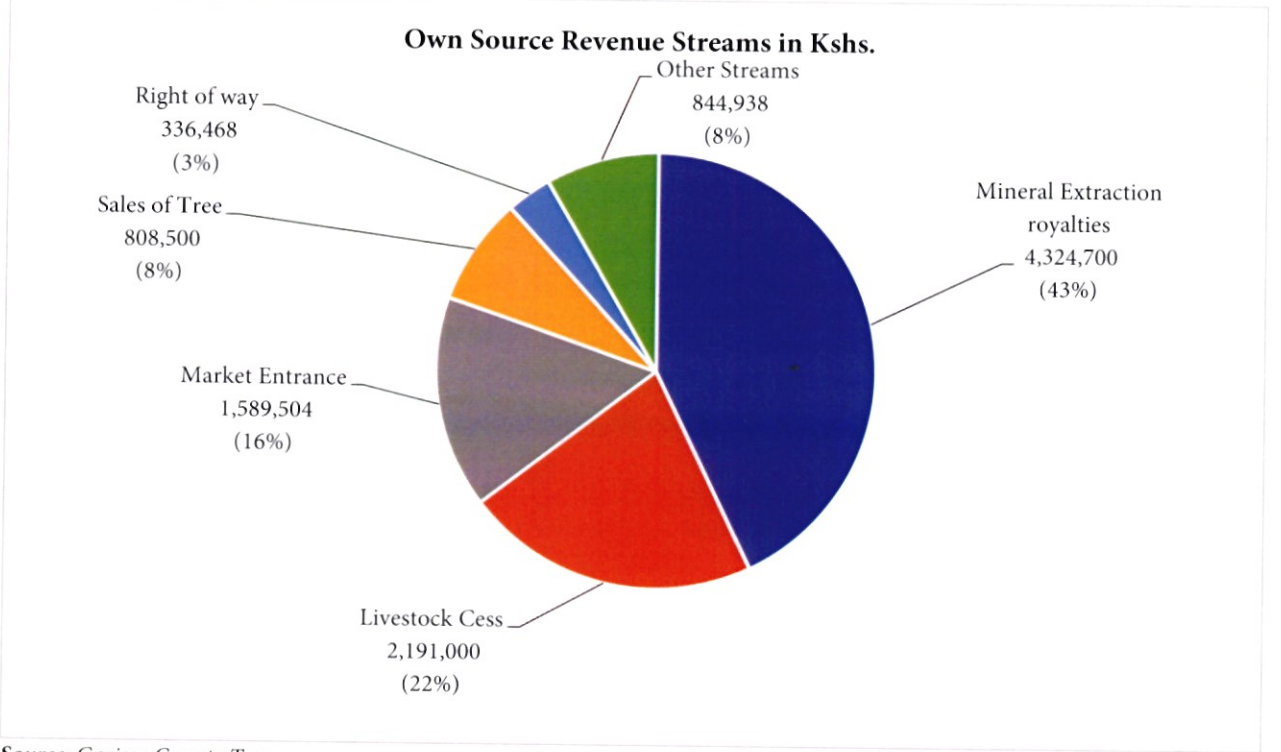
Figure 3-19: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: *Garissa County Treasury*

In the First Quarter of FY 2022/23, the County generated a total of Kshs.10.10 million as own-source revenue. This amount represented a decrease of 14.0 per cent compared to Kshs.11.74 million realised in a similar period in FY 2021/22 and was 8.7 per cent of the annual target and 0.8 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-20.

Figure 3-20: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: *Garissa County Treasury*

The highest revenue stream was from mining extraction fee of Kshs.4.3 million, which contributed to 43 per cent of the OSR collected in the first quarter of FY 2022/23

3.8.3 Exchequer Issues

The Controller of Budget approved Kshs.1.73 billion in withdrawals from the CRF account during the reporting period, which was entirely for recurrent expenditure programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.1.46 billion for employee compensation and Kshs.267.68 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.721.33 million.

3.8.4 County Expenditure Review

The County spent Kshs.1.69 billion on recurrent programmes during the reporting period. This expenditure represented 97.7 per cent of the total funds released by the CoB, which was entirely for the recurrent programmes and represented 26.6 per cent of the annual recurrent expenditure budget.

3.8.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.1.44 billion, comprising Kshs.36.90 million for recurrent expenditure and Kshs.1.41 billion for development activities. The County did not settle the pending bills during the period under review.

3.8.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.33 billion on employee compensation and Kshs.255.09 million on operations and maintenance. Similarly, the County Assembly spent Kshs. 127.41 million on employee compensation and Kshs.12.59 million on operations and maintenance activities, as shown in Table.

Table 3-30: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,538,604,626**	**815,801,264**	**1,563,442,892**	**126,271,426**	**28.2**	**15.5**
Compensation to Employees	4,232,606,980	540,200,968	1,283,672,598	103,829,792	**30.3**	**19.2**
Operations and Maintenance	1,305,997,646	275,600,296	279,770,294	22,441,634	**21.4**	**8.1**
Development Expenditure	2,577,233,445	233,300,704	-	-	**0.0**	**0.0**
Total	**8,115,838,071**	**1,049,101,968**	**1,563,442,892**	**126,271,426**	**19.3**	**12.0**

Source: *Garissa County Treasury*

3.8.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.1.39 billion was 70.2 per cent of the annual realised revenue of Kshs.1.98 billion and included Kshs.875.01 million attributable to the health sector, which translated to 62.9 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.1.23 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.234.87 million. The manual payroll amounted to 16.1 per cent of the total P.E costs. It was occasioned by delays in allocating Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly did not report any amount on committee sitting allowances for the 49 MCAs and the Speaker against the annual budget allocation of Kshs.36.0 million.

3.8.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.240 million to county-established funds in FY 2022/23, which constituted 2.6 per cent of the County's overall budget for the year. Table 3-31summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-31: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Bursary/Scholarship	60,000,000	0.00	0.00	No.
2.	Emergency	100,000,000	20,000,000	0.00	No
3.	Climate fund	80,000,000	0.00	0.00	No.
County Assembly Established Funds					
4.	MCAs Car Grant and Loan	0.00	0.00	0.00	No.
	Total	**240,000,000**	**20,000,000**		

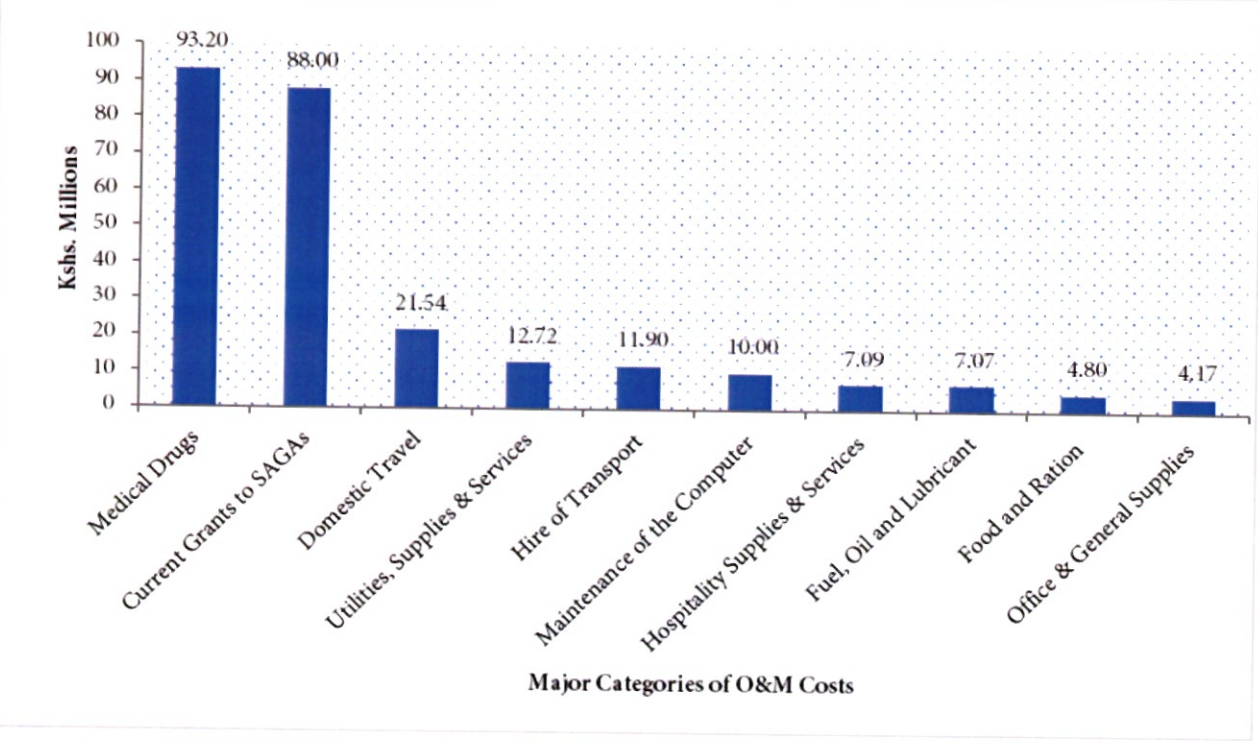
Source: *Garissa County Treasury*

The OCoB did not receive quarterly financial returns from the Fund Administrators, as indicated in Table 3-31. This is against the requirement of Section 168 of the PFM Act, 2012.

3.8.9 Expenditure on Operations and Maintenance

Figure 3-21 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-21: Garissa County, Operations and Maintenance Expenditure by Major Categories



Source: *Garissa County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.21.54 million and comprised of Kshs.15.60 million spent by the County Assembly and Kshs.5.94 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.07 million and comprised of Kshs.0.68 million by the County Assembly and Kshs.1.39 million by the County Executive.

3.8.10 Development Expenditure

In the First Quarter of FY 2022/23, the County did not report any expenditure on development programmes.

3.8.11 Budget Performance by Department

Table 3-32 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-32: Garissa County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshsn. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Cooperative	172.00	554.18	37.29	-	61.09	0.00	163.8	-	35.5	-
Environment, Energy, Natural Resources and Wildlife Management	63.15	80.00	0.00	-	0.00	0.00	0.0	-	0.0	-
Road and Transport	40.32	250.00	0.00	-	1.13	0.00	0.0	-	2.8	-
Trade, Tourism and Enterprise	80.00	20.00	0.00	-	0.00	0.00	0.0	-	0.0	-
Health and Sanitation	2,555.33	389.73	1,028.46	-	1,073.01	0.00	104.3	-	42.0	-
Education and Labour	750.79	79.00	88.00	-	87.80	0.00	99.8	-	11.7	-
County Assembly	815.80	233.33	140.00	-	126.27	0.00	90.2	-	15.5	-
Office of the Governor	349.80	0.00	113.82	-	53.50	0.00	47.0	-	15.3	-
Finance, Revenue, Economic Planning and County Affairs	876.60	200.00	171.85	-	139.24	0.00	81.0	-	15.9	-
Gender, Social Service and Sport	61.20	70.00	3.60	-	3.40	0.00	94.4	-	5.6	-
Water and Irrigation	183.56	792.28	94.90	-	90.90	0.00	95.8	-	49.5	-
Lands, Housing and Urban Planning	296.78	142.04	51.16	-	53.31	0.00	104.2	-	18.0	-
Public Service Board	37.07	0.00	0.00	-	0.065	0.00	0.0	-	0.2	-
Town Management	72.00	0.00	0.60	-	0.00	0.00	0.0	-	0.0	-
Total	**6,354.41**	**2,810.53**	**1,729.68**	**-**	**1,689.71**	**0.00**	**97.7**	**-**	**26.6**	**-**

Source: *Garissa County Treasury*

Analysis of expenditure shows that there was no expenditure on development activities by any department on the development budget during the period under review. The Department of Water and Sanitation had the highest percentage of recurrent expenditure to budget at 49.5 per cent, while the Department of Environment, Energy, Natural Resource and Wildlife Management and Town Management did not report any expenditure.

The budget allocation for the County Assembly and Executive is within the Ceiling set by CARA, 2022.

3.8.12 Budget Execution by Programmes and Sub-Programmes

Table 3-33 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-33: Garissa County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Department of Agriculture, Livestock and Cooperative							
Agriculture	Administration and Support Service	104,551,581	483,705,728	44,500,000	0.00	42.6	0
	Extension Service and Exhibition	1,200,000	0.00	0.00	0.00	0	0
Livestock Production	Livestock Administration	56,545,802	40,478,667	16,591,000	0.00	29.3	0
	Livestock Production	5,550,000	0.00	0.00	0.00	0	0
	Veterinary Service	3,350,000	30,000,000	0.00	0.00	0	0
Fish Production	Fisheries Service	200,000	0.00	0.00	0.00	0	0
Cooperative	Cooperative Development	600,000	0.00	0.00	0.00	0	0
	Sub Total	**171,997,383**	**554,184,395**	**61,091,000**	**0.00**	**35.5**	**0**
Department of Environment, Energy, Natural Resource and Wildlife Management							
Environment Service	Administration and Support Service	59,243,025	80,000,000	0.00	0.00	0	0
	Environment Management	1,100,000	0.00	0.00	0.00	0	0
	Natural Resource	1,600,000	0.00	0.00	0.00	0	0
Energy Development Program	Energy Development	1,205,000	0.00	0.00	0.00	0	0
	Sub-Total	**63,148,025**	**80,000,000**	**0.00**	**0.00**	**0**	**0**
Department of Road and Transport							
Road	Administration and Support Service	37,906,400	0.00	125,000	0.00	0.3	0
	Road	2,417,200	250,000,000	1,000,000	0.00	41.4	0
	Sub-Total	**40,323,600**	**250,000,000**	**1,125,000**	**0.00**	**2.8**	**0**
Department of Trade, Tourism and Enterprise							
Administration and Support Service	Administration Support Service	75,447,996	0.00	0.00	0.00	0	0
Trade	Trade	2,400,000	20,000,000	0.00	0.00	0	0
Weight and Measure	Weight and Measure	1,350,000	0.00	0.00	0.00	0	0
Tourism	Tourism	802,259	0.00	0.00	0.00	0	0
	Sub- Total	**80,000,255**	**20,000,000**	**0.00**	**0.00**	**0**	**0**
Department of Health and Sanitation							
Administration and Support Service	Administration and Support Service	2,260,062,603	0.00	881,010,000	0.00	39.0	0
Curative Service	Curative	151,267,750	389,729,405	127,000,000	0.00	84.0	0
Preventive Service	Health promotion and Campaign	144,000,000	0.00	65,000,000	0.00	45.2	0
	Sub Total	**2,555,330,353**	**389,729,405**		**0.00**	**42.0**	0
Education and Labour							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Education Service	Administration and Support Service	534,889,663	0.00	83,300,000	0.00	15.6	0
	ECD	10,412,400	61,000,000		0.00	0	0
	Vocational Training	2,601,200	18,000,000	200,000	0.00	7.7	0
Public Service and Human Resource	Human Resource	179,605,384	0.00	1,000,000	0.00	0.6	0
	ICT and Libraries	23,282,733	0.00	3,298,000	0.00	14.2	0
	Sub Total	**750,791,380**	**79,000,000**	**87,798,000**	**0.00**	**11.7**	**0**
County Assembly							
Administration and Support Service	Administration and Support Service	815,801,264	233,300,704	126,271,426	0.00	15.5	0
	Sub Total	**815,801,264**	**233,300,704**	**126,271,426**	**0.00**	**15.5**	**0**
County Executive							
Executive Service	Governors Operation	105,400,000	0.00	20,120,000	0.00	19.1	0
	Deputy Governors Operation	36,120,000	0.00	13,850,000	0.00	38.3	0
	Street Lighting	48,656,215	0.00	0.00	0.00	0	0
	Operation and Sub-County Administration	120,810,000	0.00	12,650,000	0.00	10.5	0
	Intergovernmental and Institutional relation	18,812,430	0.00	3,200,000	0.00	17.0	0
	County Attorney	20,000,000	0.00	3,680,000	0.00	18.4	0
	Sub Total	**349,398,645**	**0.00**	**53,500,000**	**0.00**	**15.3**	**0**
Finance, Revenue, Economic Planning and County Affairs							
Administration and Support Service	Administration and Support Service	473,580,628	150,000,000	67,480,080	0.00	14.2	0
	Special Program	130,940,000	0.00	2,424,966	0.00	1.9	0
Public Finance Management	Accounting Service	3,713,739	0.00	0.00	0.00	0	0
	Budget Formulation	6,780,000	0.00	1,350,000	0.00	19.9	0
	Audit Service	3,862,600	0.00	0.00	0.00	0	0
	Economic Planning	33,086.000	0.00	1,623,966	0.00	4.9	0
	Revenue Management	202,227,781	50,000,000	66,197,089	0.00	32.7	0
	Supply Chain Management	5,630,000	0.00	167,440	0.00	3.0	0
Donor Coordination	Donor Coordination	16,780,548	0.00		**0.00**	0	0
	Sub Total	**876,601,296**	**200,000,000**	**139,243,461**	**0.00**	**15.9**	**0**
Gender, Social Services and Sport							
Culture Services	Administration and Support Service	56,411,832	70,000,000	3,400,000	0.00	6.0	0

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Public Entertainment	Social Protection	1,025,000	0.00	0.00	0.00	0	0
Cinema	Cinema headquarter	3,763,600	0.00	0.00	0.00	0	0
	Sub Total		**70,000,000**	**3,400,000**	**0.00**	**5.6**	**0**
Water and Irrigation							
Administration and Support Service	Administration and Support Services	178,556,361	92,278,252	90,903,723	0.00	50.9	0
	Water Infrastructure Development	0.00	650,000,000	0.00	0.00	0	0
Irrigation Services	Irrigation Development	5,000,000	50,000,000	0.00	0.00	0	0
	Sub Total	**183,556,361**	**792,278,252**	**90,903,723**	**0.00**	49.5	0
Lands, Housing and Urban Planning							
Administration and Support Service	Administration and Support Service	260,695,273	106,041,393	49,556,708		19.0	0
Land and Housing	Lands	8,000,000	26,000,000	1,250,000		15.6	0
	Housing and Public Works	15,574,997	10,000,000	2,500,000		16.	0
Urban Development	Urban Planning and Disaster Management	11,614,626	0.00	0.00	0.00	0	0
	Urban Sanitation and Development	900,000	0.00	0.00	0.00	0	0
	Sub Total	**296,784,896**	**142,041,393**	**53,306,708**	**0.00**	**18.0**	**0**
County Public Services Board							
Administration and Support Service	Administration and Support Service	37,072,000	0.00	65,000	0.00	0.18	0
	Sub Total	**37,072,000**	**0.00**	**65,000**	**0.00**	**0.18**	**0**
Town Management						0	0
Administration and Support Service	Administration and Support Service	72,000,000	0.00	0.00	0.00	0	0
	Sub Total	**72,000,000**	**0.00**	**0.00**	**0.00**	**0**	**0**
Grand Total		**6,354,405,890**	**2,810,534,149**	**1,689,714,318**	**0**	**26.6**	**0.0**

Source: *Garissa County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Curative Service in the Department of Health and Sanitation at 84 per cent, Administration and Support Service in the Department of Water and Irrigation at 50.9 per cent, Administration and Support Service in the Department of Agriculture, Livestock and Cooperative at 42.6 per cent, and Road at 41.4 per cent of budget allocation.

3.8.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was received on 24th October 2022.
2. The underperformance of own-source revenue at Kshs.10.10 million against an annual projection of Kshs.116.4 million, representing 8.7 per cent of the annual target.
3. High level of pending bills which amounted to Kshs.1.44 billion as of 30th September, 2022. This is despite the availability of cash in the CRF, which stood at Kshs.721.33 million as of the end of the First Quarter of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.234.87 million were processed through the manual payroll and accounted for 16.1 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. Fund administrators failed to provide financial statements of the established County Funds to the OCOB, which is against Section 168 of the PFM Act, 2012.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the hiring of staff on contract basis and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The CECMF should ensure that all Fund Administrators submit the quarterly financial statements in line with the law.*

3.9 County Government of Homabay

3.9.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.8.60 billion, comprising Kshs.2.92 billion (34 per cent) and Kshs.5.67 billion (66 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 1 per cent compared to the previous financial year when the approved budget was Kshs.8.68 billion and comprised of Kshs.3.10 billion towards development expenditure and Kshs.5.58 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.80 billion (90.7 per cent) as the equitable share of revenue raised nationally, generating Kshs.191.08 million (2.2 per cent) from its own sources of revenue. The County also expects to receive Kshs.607.76 million (7.1 per cent) as conditional grants, which consist of Kenya Informal Settlement Improvement Project (KISIP II) Kshs.50 million, Leasing of Medical Equipment's Kshs.153.29 million, DANIDA Kshs.14.94 million, Transforming Health Care Project (THUSCP) Kshs.70.45 million, NARIGP Kshs.279.12 million, Agricultural Sector Development Support Programme Kshs.31.10 million, and UNFPA Project Kshs.8.86 million.

3.9.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.28 billion as the equitable share of the revenue raised nationally, raised Kshs.17.08 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.30 billion, as shown in Table 3-34.

Table 3-34: Homabay County, Revenue Performance in the First Quarter of FY 2022/23

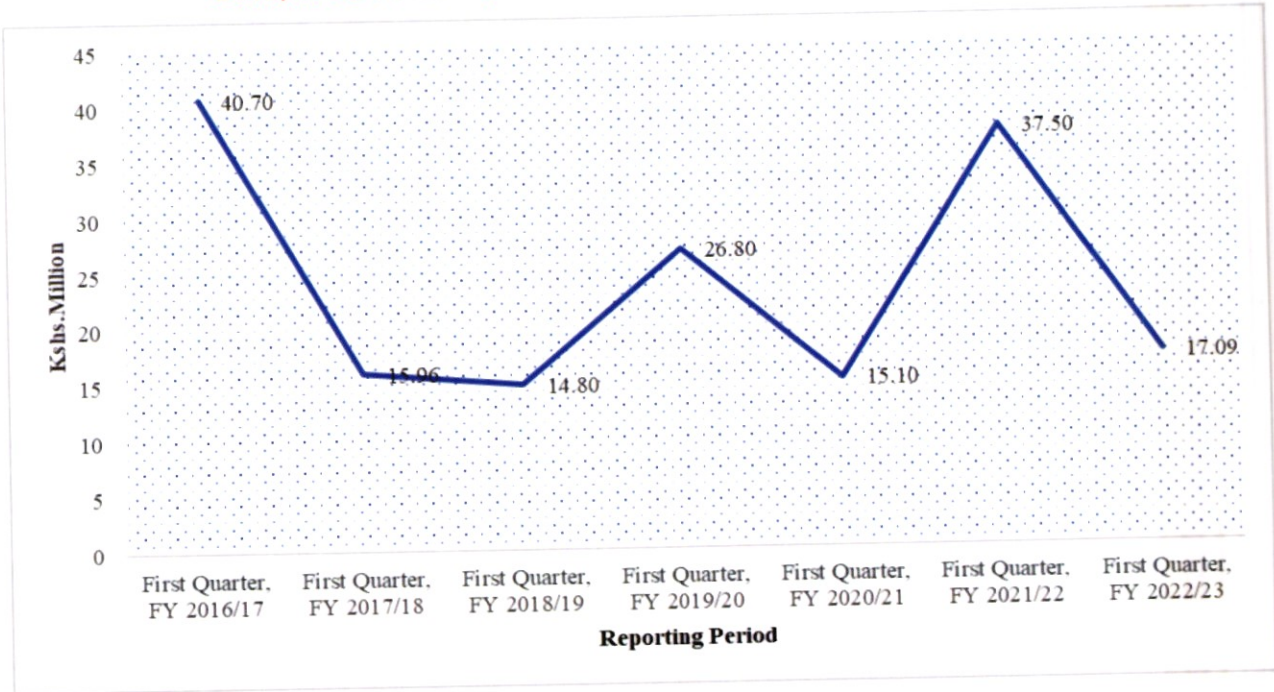
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**7,805,353,300**	**1,287,883,292**	**16.5**
Sub Total		**7,805,353,300**	**1,287,883,292**	**16.5**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	191,080,752	17,088,303	8.9
2.	Leasing of medical equipment	153,297,872	-	-
3.	DANIDA	14,936,625	-	-
4.	Agricultural Sector Development Support Programme (ASDSP) II	31,096,673	-	-
5.	Transforming Health Systems for Universal Care Project	70,450,834	-	-
6.	National Agricultural and Rural Inclusive Growth Project (NARIGP)	279,115,289	-	-
7.	UNFPA	8,864,000	-	-
8.	Kenya informal settlement improvement project	50,000,000	-	-
Sub Total		**607,761,293**	**17,088,303**	**8.94**
Grand Total		**8,604,195,345**	**1,304,971,595**	**15.2**

Source: Homabay County Treasury

The conditional grants were not disbursed to the County in the First Quarter of FY 2022/23.

Figure 3-22 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

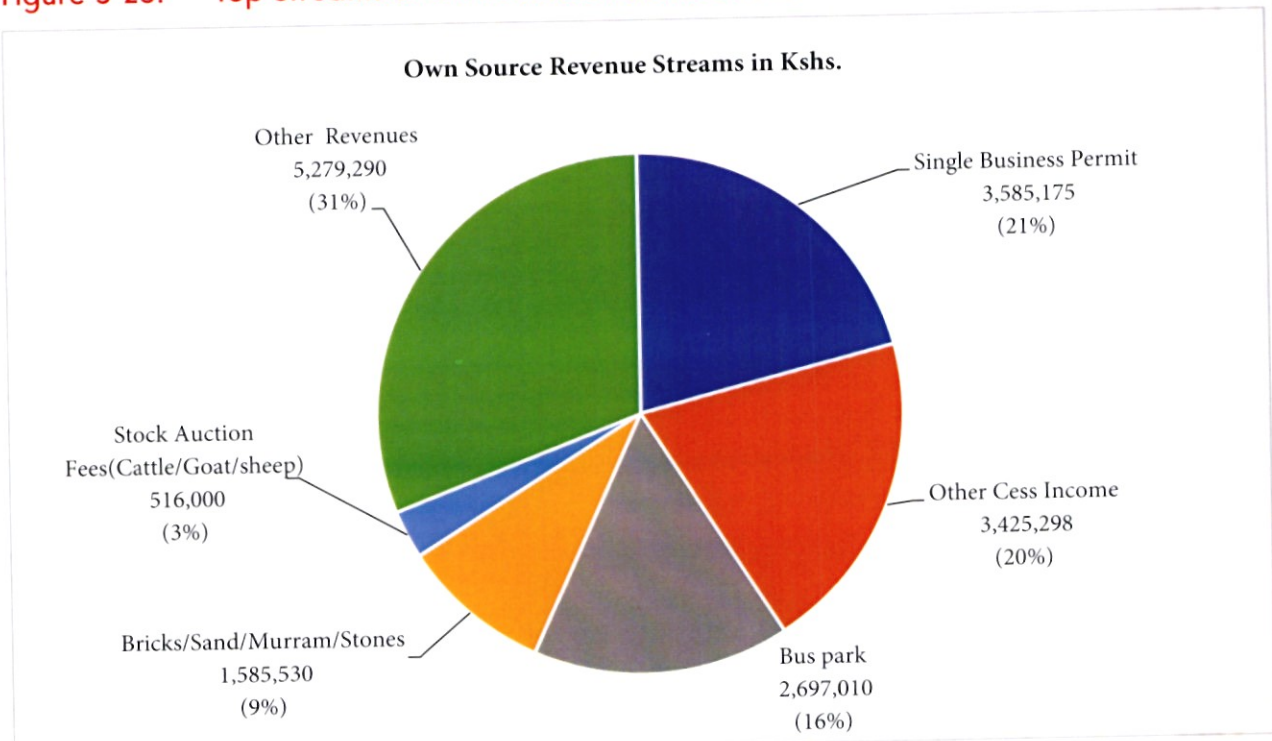
Figure 3-22: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Homa Bay County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.17.09 million as own-source revenue. This amount represented a decrease of 54.4 per cent compared to Kshs.37.50 million realised in a similar period in FY 2021/22 and was 8.9 per cent of the annual target and 1.3 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-23.

Figure 3-23: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Homabay County Treasury

The highest revenue stream was from Single Business Permits of Kshs.3.6 million, which contributed to 21 per cent of the OSR collected in the first quarter of FY 2022/23

3.9.3 Exchequer Issues

The Controller of Budget approved Kshs.1.21 billion in withdrawals from the CRF account during the reporting period. The amount comprised Kshs.108.14 million (9.9 per cent) for development programmes and Kshs.1.10 billion (90.1 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.527.01 million for compensation to employees, Kshs.144.71 million for Operations and Maintenance expenditure, and Kshs.79.60 million for development expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.463.30 million.

3.9.4 Borrowing by the County

The County has engaged Kenya Commercial Bank for short-term borrowing to pay personnel emoluments. As of 30th September 2022, the outstanding amount was Ksh.360.91 million.

3.9.5 County Expenditure Review

The County spent Kshs.859.46 million on development and recurrent programmes during the reporting period. This expenditure represented 70.9 per cent of the total funds released by the CoB and comprised Kshs.83.39 million and Kshs.776.07 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 2.8 per cent, while recurrent expenditure represented 13.7 per cent of the annual recurrent expenditure budget.

3.9.6 Settlement of Pending Bills

At the beginning of FY 2022/23, the County Executive reported the stock of pending bills of Kshs.882.33 million, which comprised Kshs.18.91 million for recurrent expenditure and Kshs.863.42 million for development activities.

3.9.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.527 million on employee compensation, Kshs.144.71 million on operations and maintenance, and Kshs.79.69 million on development activities. Similarly, the County Assembly spent Kshs.47.2 million on employee compensation, Kshs.49.45 million on operations and maintenance, and Kshs.3.8 million on development activities, as shown in Table 3-35.

Table 3-35: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,571,497,484**	**1,103,097,560**	**671,724,152**	**104,372,950**	**14.7**	**9.5**
Compensation to Employees	3,531,481,872	534,037,221	527,009,330	49,450,256	**14.9**	**9.3**
Operations and Maintenance	1,040,005,612	569,060,339	144,714,822	54,892,694	**13.9**	**27.0**
Development Expenditure	**2,851,145,374**	**78,454,927**	**79,595,356**	**3,800,000**	**2.8**	**4.8**
Total	**7,422,642,858**	**1,181,552,647**	**751,319,508**	**108,142,950**	**10.1**	**9.2**

Source: Homabay County Treasury

3.9.8 Expenditure on Compensation to Employees.

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue.

Expenditure on compensation to employees of Kshs.576.45 million was 44.2 per cent of the realised revenue of Kshs.1.3 billion and included Kshs.309.27 million attributable to the health sector, which translated to 53.7 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.495.15 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.81.31 million. The manual payroll amounted to 14 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly did not report any expenditure on committee sitting allowances for the 55 MCAs and the Speaker against the annual budget allocation of Kshs.110.24 million. The County Assembly has established 26 Committees; however, no bills or policy documents were processed during the period.

3.9.9 County Emergency Fund and County-Established Funds

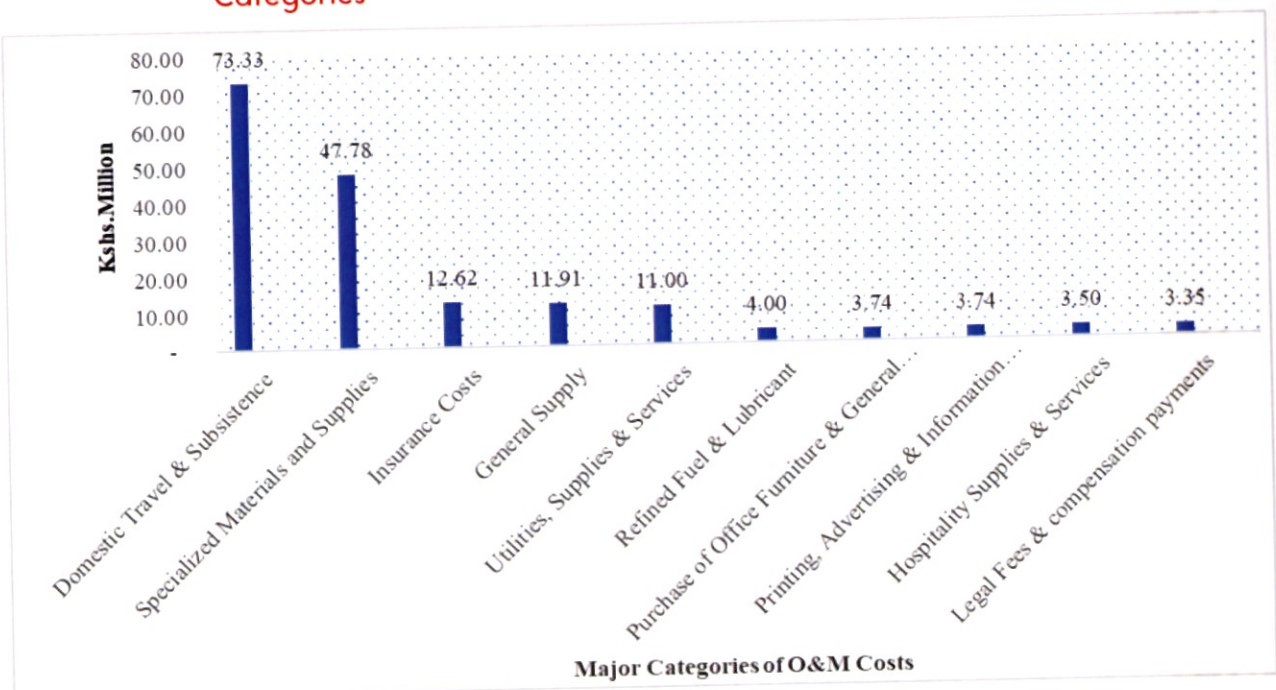
Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.230.25 million to the Homabay County Assembly Car & Mortgage Fund in FY 2022/23, constituting 2.7 per cent of the County's overall budget for the year.

3.9.10 Expenditure on Operations and Maintenance

Figure 3-24 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-24: Homabay County, Operations and Maintenance Expenditure by Major Categories



Source: *Homabay County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.73.33 million and comprised of Kshs.11.86 million spent by the County Assembly and Kshs.61.46 million by the County Executive. Expenditure on foreign travel amounted to Kshs.3 million by the County Assembly.

3.9.11 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.83.39 billion on development programmes, representing 100 per cent compared to a similar period in FY 2021/22 when the County did not report expenditure on development activities. Table 3-36 summarises development projects with the highest expenditure in the reporting period.

Table 3-36: Homabay County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
	Health	Refurbishment of Referral Hospital	Homa bay town	22,842,322	22,842,322	19,478,987	100
	Agriculture, Livestock, Fisheries, Food Security and Cooperatives	Homa Bay County ASDSP projects	All wards	16,500,000	16,500,000	16,500,000	100
	Trade	Installation and commissioning of maise milling machine at Kigoto		15,916,144	15,916,144	15,916,144	100
	Trade	Installation of phase 3 KVA electricity at Kigoto maise milling factory	Suba South	2,206,556	2,206,556	2,206,556	100
	Trade	Installation and commissioning of maise milling machine at Kigoto	Suba South	1,280,000	1,280,000	1,280,000	100100
	Health	Completion of Sena Theatre	Suba North	1,178,461	1,178,461	792,206	100

Source: *Homabay County Treasury*

3.9.12 Budget Performance by Department

Table 3-37 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-37: Homabay County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Food Security	145.62	414.32	-	16.50	16	16.50	-	100	11.0	4
Tourism, Sports, Youth Gender, Culture and Social Services	69.10	144.12	-	-	3	-	-	-	4.3	-
Roads, Transport and Public Works	49.40	809.50	3.50	-	5	-	142.		10.1	-
Energy and Mining	41.80	80.77	-	-	2.5	-	-	-	6	-
Education and ICT	727.20	126.58	210	1.62	51	-	24.	-	7	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Health Services	2,102.37	375.02	544.09	79.80	375.52	37.69	69	47.2	17.9	10.1
Lands, Housing, Urban Development and Physical Planning	51.90	125.64	2.5	-	4	-	160		7.7	-
Trade, Industry, Cooperatives and Enterprise Development	132.98	171.10	14.67	10.51	10	19.40	68.1	184.5	7.5	11.3
Water, Environment and Natural Resources	120.46	322.12	15.17	7.2	6.5	6	42.8	83.1	5.4	1.9
Finance, Economic Planning and Service Delivery	384.36	89.44	27	-	47.56	-	176.2	-	12.4	-
Office of the Governor	645.10	85.03	166.51	-	145.13	-	87	-	22	-
County Public Service Board	68.93	5	3	-	3,5	-	116.7	-	5.1	-
County Assembly	1,103.09	78.45	104.34	3.8	104.34	3.8	100	100	9.5	4.8
Municipal Board	32.23	102.44	2	-	2		100	-	6.2	-
Total	**5,674.59**	**2,929.60**	**1,092.79**	**119.47**	**776.06**	**83.39**	**71**	**69.8**	**13.7**	**2.8**

Source: *Homabay County Treasury*

Analysis of expenditure by department shows that the Department of Trade, Industry, Cooperatives and Enterprise Development recorded the highest absorption rate of development budget at 11.3 per cent, followed by the Department of Health Services at 10.1 per cent. The Office of the Governor had the highest percentage of recurrent expenditure to budget at 22 per cent. In contrast, the Department of Tourism, Sports, Youth Gender, Culture and Social Services had the lowest at 4.3 per cent.

3.9.13 Budget Execution by Programmes and Sub-Programmes

Table 3-38 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-38: Homabay County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Department of Agriculture, Livestock, Fisheries and Food Security					
Policy Planning, General Administration and Support Services	Policy and Planning Services	4,000,000		4,000,000	-
	General Administration and Support Services	141,621,312	16,000,000	125,621,312	11.3
	Subtotal	**145,621,312**	**16,000,000**	**129,621,312**	**11.0**
Crop, Land and Agribusiness Development Services	Crop Development Services	9,896,000	0	9,896,000	-
	Agribusiness Development Services	22,300,000	**0**	22,300,000	-
	Land Development Services	19,876,827	0	19,876,827	-
	National Agriculture Rural Inclusive Growth	66,957,640	-	66,957,640	-
	Agriculture Sector Development Support Programme	25,282,264	16,500,000	8,782,264	65.3
	Sub total	**144,312,731**	**16,500,000**	**127,812,731**	**65**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Food Security Enhancement Services	Farm Input Access Services	24,700,000	-	24,700,000	-
	Sub Sector Infrastructure Development Services	54,230,000		54,230,000	-
	Sub total	**78,930,000**	**0**	**78,930,000**	-
Fisheries Resources Development Services	Capture Fisheries	51,467,625	**0**	51,467,625	-
	Farmed Fish Production	37,250,000	**0**	37,250,000	-
	Sub total	**88,717,625**	**0**	**88,717,625**	-
Livestock Development Programme	Livestock Improvement and Development	31,050,000	**0**	31,050,000	-
	Livestock Products Value Addition and Marketing	19,495,000	**0**	19,495,000	-
	Livestock Health and Disease Management	25,072,625	0	25,072,625	-
	Subtotal	**75,617,625**	**0**	**75,617,625**	-
	Cooperative Management services	8,649,964	**0**	8,649,964	
	Cooperative Development services	18,095,268	**0**	18,095,268	
	Sub total	**26,745,232**	**0**	**26,745,232**	
Department of Tourism, Sports, Youth Gender, Culture and Social Services					
Policy, Planning and General Administration services	General Administration and Support Services	23,385,494	3,000,000	20,385,494	12.8
	Policy and Planning Services	18,024,848	**0**	18,024,848	-
	Sub total	**41,410,342**	**3,000,000**	38,410,342	**7.2**
Tourism and Culture Development Promotion Services	Tourism Development and Promotion Services	18,820,000		18,820,000	-
	Sub total	**18,820,000**	**0**	**18,820,000**	-
Social Development and Empowerment Services	Gender and Women Empowerment	4,820,000		4,820,000	-
	Youth Empowerment	18,600,000		18,600,000	-
	Sub total	**23,420,000**	**0**	**23,420,000**	-
Management and Development of Sports and Sports Facilities	Sports Infrastructure Development Services	111,121,334		111,121,334	-
	Sports Management and Talent Development	18,450,000		18,450,000	-
	Sub total	**129,571,334**	**0**	**129,571,334**	**0**
Department of Roads, Transport and Public Works					
General Administration, Planning and Support Services	Human Resource and Support Services	43,541,571.00	5,000,000	38,541,571	**11.5**
	Roads and Transport Services Operations	4,905,791.00		4,905,791	-
	Sub total	**48,447,362**	**5,000,000**	**43,447,362**	**10.3**
Public works and maintenance services	Quality control and Enforcement	194,885		194,885	-
	Plant and Machinery maintenance	760,000		760,000	-
	Sub total	**954,885**	**0**	**954,885**	-
Road Development and Maintenance Services	Grading and Gravelling	264,039,717		264,039,717	-
	Road maintenance	445,465,496		445,465,496	-
	Plant and Machinery				
	Sub total	**709,505,213**	**0**	**709,505,213**	-
Transport Services	construction of Bus park	100,000,000		100,000,000	-
	Sub total	**100,000,000**	**0**	**100,000,000**	-
Department of Energy and Mining					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Energy Services	Electrical Power Services	50,000,000		50,000,000	-
	Solar Power Services	25,200,000		25,200,000	-
	Low Cost Energy Technologies Promotion Services	5,576,312		5,576,312	-
	Sub total	**80,776,312**	**0**	**80,776,312**	-
	Mineral Exploration and Mining Improvement Services	3,800,000	-	-	-
	Sub total	**3,800,000**	**0**	**3,800,000**	-
General Administration, Planning and Support Services	Administrative Support Services	35,807,354	2,500,000	33,307,354	**7.0**
	Development of Policies, Plans, Regulations and Legislation	2,193,860		2,193,860	-
	Sub total	**38,001,214**	**2,500,000**	**35,501,214**	**6.6**
Department of Education and ICT					
General Administration and Quality Assurance Service	General administration Services	48,360,000	1,000,000	47,360,000	**2.1**
	Quality Assurance Services	673,965,321	50,000,000	623,965,321	**7.4**
	Sub total	**722,325,321**	**51,000,000**	**671,325,321**	**7.1**
EYE and Vocational Training Services	EYE Services	54,987,712		54,987,712	-
	Vocational Training Services	65,360,000		65,360,000	-
	Subtotal	**120,347,712**	**0**	**120,347,712**	-
ICT Services	Information Services	2,160,000		2,160,000	-
	ICT Infrastructure Development	9,100,000		9,100,000	-
	Sub total	**11,260,000**	**0**	**11,260,000**	-
Department of Health Services					
Policy planning and administrative support service	Policy, Planning and Monitoring Services	3,621,000		3,621,000	-
	Administrative Support Services	1,795,379,585	309,274,669	1,486,104,916	**17.2**
	Sub total	**1,799,000,585**	**309,274,669**	**1,489,725,916**	**17.2**
Preventive and Promotive Health Services	Community health services	77,650,000	58,782,771	18,867,229	**75.7**
	Disease control services	26,750,000		26,750,000	-
	Facility Infrastructure Improvement Services	140,000,000	7,468,313	140,000,000	
	Sub total	**244,400,000**	**66,251,084**	**244,400,000**	27.1
Curative and Rehabilitative Health Services	Routine medical health services	185,975,632		185,975,632	-
	Medical Emergency Response Services	8,000,000		8,000,000	-
	Facility Infrastructure Improvement Services	235,020,521	37,692,656	197,327,865	16.0
	Sub total	**428,996,153**	**37,692,656**	**391,303,497**	**16**
Research and Development Service	Research and Surveillance Services	2,000,000		2,000,000	-
	Capacity Development Services	3,000,000		3,000,000	-
	Sub total	**5,000,000**	**0**	**5,000,000**	-
Department of Lands, Housing, Urban Development and Physical Planning					
General Administration Services	General Administrative Support Services	23,853,948	4,000,000	19,853,948	**16.8**
	Operation and Maintenance Services	28,046,305		28,046,305	-
	Sub total	**51,900,253**	**4,000,000**	**47,900,253**	7.7
Lands and Physical planning	County Spatial Planning	21,801,512		21,801,512	-
	Symbio City Change Project	4,960,400		4,960,400	-
	Survey and Demarcation of Markets	4,007,200		4,007,200	
	Land Banking	10,003,500		10,003,500	
	Inventorization of public	0		0	
	Preparation of Valuation Roll	10,291,388		10,291,388	
	Sub total	**51,064,000**	**0**	**51,064,000**	**0**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Housing and Urban Development	Housing Improvement Services	4,237,500		4,237,500	-
	Smart Settlement Service AMBTC Promotion Services	7,943,187		7,943,187	
	Delineation and Establishment of Urban Areas (Urban Institutional Grants)	5,866,000		5,866,000	-
	Slum Upgrading Programme KISIP	50,000,000		50,000,000	-
	Affordable Housing Programme	5,000,000		5,000,000	-
	Urban Lakefront Planning and Development	1,396,500		1,396,500	-
	Sub total	**74,443,187**	**0**	**74,443,187**	-
Department of Trade, Industrialization, Cooperatives and Enterprise Development					
Planning and Administrative services	Administrative and Support Services	121,689,123	10,000,000	111,689,123	8.2
	Policy Development and Implementation Services	11,300,000		11,300,000	-
	Sub total	**132,989,123**	**10,000,000**	**122,989,123**	**7.5**
Trade, Cooperative and Entrepreneurship Development Service	Cooperative Development Services	0		0	-
	Enterprise Development and Promotion Services	100,000,000		100,000,000	-
	Trade Infrastructure Development Services	48,000,000	19,402,700	28,597,300	**40.4**
	Sub total	**148,000,000**	**19,402,700**	**128,597,300**	**40**
Industrial Development and Investment Services	Value Chain Development Services	21,109,021		21,109,021	-
	Financial and Investment Services	2,000,000		2,000,000	-
	Sub total	**23,109,021**	**0**	**23,109,021**	-
Department of Water, Environment and Natural Resources					
General Administrative Services	Administrative Support Services	58,819,692	6,501,600	52,318,092	**11.1**
	Policy and Planning Services	61,643,518		61,643,518	-
	Sub total	**120,463,210**	**6,501,600**	**113,961,610**	**5.4**
Water Supply and Management Services	Urban Water Supply Services	58,080,000	6,000,000	52,080,000	**10.3**
	Rural Water Supply Services	223,000,000		223,000,000	-
	Industrial Water Supply Services	0			
	Sub total	**281,080,000**	**6,000,000**	**275,080,000**	**10**
Environmental Protection and Management Services	Pollution and Waste Management Services	16,500,000		16,500,000	-
	Forestry Development Services	17,120,000		17,120,000	-
	Climate Change Services	7,423,415		7,423,415	-
	Sub total	**41,043,415**	**0**	**41,043,415**	-
Department of Finance, Economic Planning and Service Delivery					
General Administration and Support services	Staff Remuneration and Welfare Support Services	259,772,580	47,565,036	212,207,544	18.3
	General Logistics, Coordination and Asset Management Services	26,061,300		26,061,300	-
	Devolution and Service Delivery Support Services	11,710,000		11,710,000	-
	Sub total	**297,543,880**	**47,565,036**	**249,978,844**	**16.0**
Planning, budgeting and development coordination services	Economic planning and development services	8,443,600		8,443,600	-
	Resource allocation services	13,143,000		13,143,000	-
	Public Participation facilitation services	15,584,000		15,584,000	-
	Sub total	**37,170,600**	**0**	**37,170,600**	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Strategy and service delivery management services	Monitoring and evaluation services	3,042,000		3,042,000	-
	Strategy and service delivery improvement services	11,158,000		11,158,000	-
	Sub total	**14,200,000**	**0**	**14,200,000**	-
Resource mobilisation services	External Resources Mobilisation Services	11,779,805		11,779,805	-
	Internal Revenue Generation Services	22,559,480		22,559,480	-
	Sub total	**34,339,285**	**0**	**34,339,285**	-
	Accounting and Financial Reporting Services	12,554,530		12,554,530	-
	Audit and Advisory Services	6,004,285		6,004,285	-
Financial management services	Emergency Management Services	72,000,000	-	72,000,000	-
	Sub total	**90,558,815**	**0**	**90,558,815**	-
Executive Services (Office of the Governor)					
Public service administration support services	Human resource management and development services	445,237,648	100,409,625	344,828,023	22.6
	Performance management services	3,000,000			
	Legal Services	5,019,010		5,019,010	-
	Subtotal	**453,256,658**	**100,409,625**	**352,847,033**	**22.2**
Governance and coordination services	Executive management and liaison services	158,161,914	44,722,138	113,439,776	**28.3**
	Field coordination and administration services	72,619,615		72,619,615	-
	Sub total	**230,781,529**	**44,722,138**	**186,059,391**	**19.4**
Strategy and service delivery improvement services	Strategy and advisory services	10,000,000		10,000,000	-
	Efficiency monitoring services	10,000,000		10,000,000	-
	Information and communication services	4,662,331		4,662,331	-
	Disaster management services	11,422,600		11,422,600	-
	Compliance and management services	10,014,400		10,014,400	-
	Sub total	**46,099,331**	**0**	**46,099,331**	-
County Public Service Board					
Policy, Planning and Administration Services	Policy and Planning Services	2,508,400		2,508,400	-
	Administrative Support Services	44,810,247	3,500,000	41,310,247	**7.8**
	Facility Improvement & Capacity Strengthening Services	5,003,763		5,003,763	-
	Sub total	**52,322,410**	**3,500,000**	**48,822,410**	**6.7**
Personnel Sourcing and Management Services	Recruitment, Selection and Deployment Services	10,320,076		10,320,076	-
	Human Resource Advisory Services	7,665,000		7,665,000	-
	Capacity Development Services	2,847,500		2,847,500	-
	Sub total	**20,832,576**	**0**	**20,832,576**	-
Performance Management Services	Performance Contracting and Appraisal Services	785,000		785,000	-
	Sub total	**785,000**	**0**	**785,000**	-
County Assembly Service Board					
Legislative Services	Members welfare Support services	292,743,189	27,285,684	265,457,505	**9.3**
	Legislative development and approval services	236,045,286	19,982,291	216,062,995	**8.5**
	Sub total	**528,788,475**	**47,267,975**	**481,520,500**	**8.9**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Oversight and Control Services	Capacity building services	7,000,000	0	7,000,000	-
	Report writing services	22,000,000	9120000	12,880,000	**41.5**
	Public participation and education services	11,000,000	3181315	7,818,685	**28.9**
	Subtotal	**40,000,000**	**12,301,315**	**27,698,685**	**30.8**
Ward Representation Services	Staff welfare support services	66,628,836	-	66,628,836	-
	Ward operations and maintenance	19,661,760	-	19,661,760	-
	Sub total	**86,290,596**	-	**86,290,596**	-
Policy, Planning and Administrative	Administrative support services	284,664,489	22,124,938	262,539,551	**7.8**
Support Services	Financial management Services	163,354,000	22648723.03	140,705,277	**13.9**
	Assembly infrastructure development Services	78,454,927	3800000	74,654,927	**4.8**
	Sub total	**526,473,416**	**48,573,661**	**477,899,755**	**9.2**
Homa Bay Municipal Board					
Policy, Planning, General Administration and Support Services	Policy and Planning Services	5,000,000		5,000,000	-
	Administration and Support Services	27,234,298	2,000,000	25,234,298	**7.3**
	Sub total	**32,234,298**	**2,000,000**	**30,234,298**	**6.2**
Urban development services	Land Use Planning and Management	10,268,369		10,268,369	-
	Infrastructure Development Services	71,238,691		71,238,691	
	Environmental Management Services	20,938,249		20,938,249	
	Sub total	**102,445,309**	**0**	**102,445,309**	-
Grand Total		**8,604,195,345**	**859,462,459**	**7,810,983,970**	**10**

Source: *Homabay County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Community health services in the Department of health services 75.7 per cent, Agriculture Sector Development Support Programme in the Department of Agriculture, Livestock, Fisheries and Food Security at 65 per cent, and Report writing services in the Department of County assembly at 41.5 per cent of budget allocation.

3.9.14 Key Observations Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.17.08 million against an annual projection of Kshs.191.08 million, representing 8.9 per cent of the annual target.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 5, where the County incurred expenditure over approved exchequer issues in some departments
3. High level of pending bills which amounted to Kshs.882.33 million as of 30th September, 2022. This is despite the availability of cash in the CRF, which stood at Kshs.463.30 million at the end of the First Quarter of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.81.41 million were processed through the manual payroll and accounted for 14 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

The County should implement the following recommendations to improve budget execution;

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act,*

2012.

3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.10 County Government of Isiolo

3.10.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.5.43 billion, comprising Kshs.1.93 billion (35.5 per cent) and Kshs.3.5 billion (64.5 per cent) allocation for development and recurrent programmes respectively. The approved budget estimate is a decline of 1.5 per cent compared to the previous financial year when the approved budget was Kshs.5.51 billion and comprised of Kshs.2.14 billion towards development expenditure and Kshs.3.37 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.4.71 billion (86.7 per cent) as the equitable share of revenue raised nationally, and generate Kshs.113.69 million (2.1 per cent) from own source of revenue. The County also expects to receive Kshs.609.44 million (11.2 per cent) as conditional grants, which consist of Supplement for the Construction of County Headquarters, Climate-smart Agriculture project, DANIDA, Agriculture Sector development support programme (ASDSP) II, Emergency Locust Response Project, Financing Locally led climate action.

3.10.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.777.21 million as the equitable share of the revenue raised nationally and raised Kshs.55.65 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.832.87 million, as shown in Table 3-39.

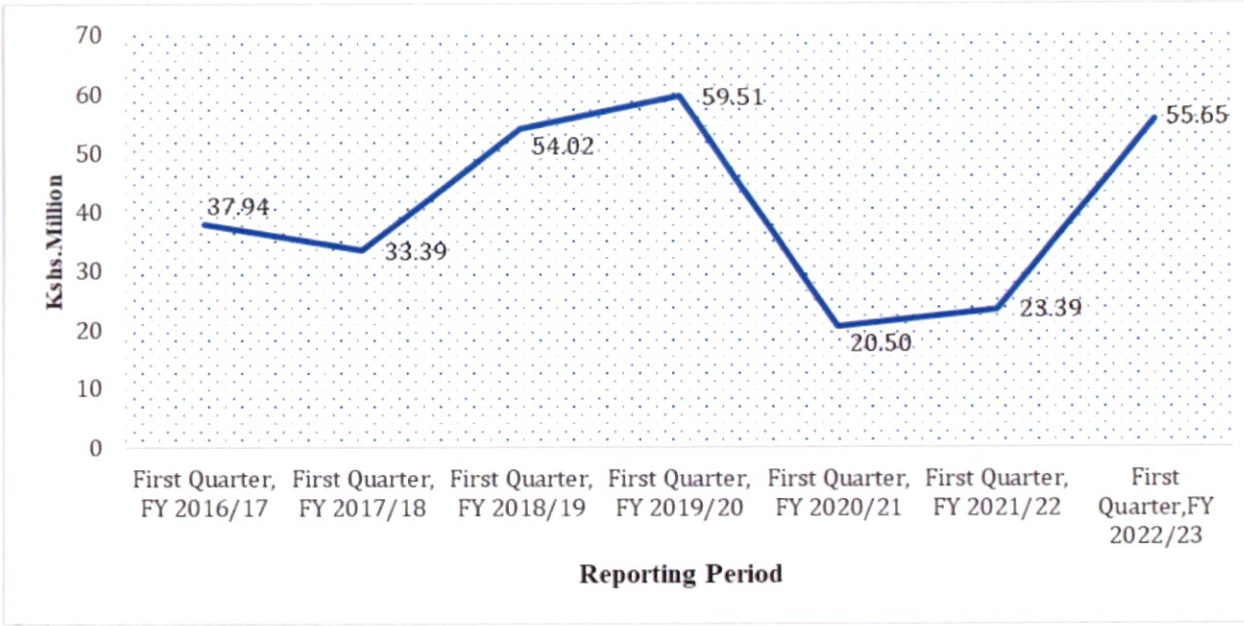
Table 3-39: Isiolo County, Revenue Performance in the First Quarter of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (In Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,710,388,265	777,214,064	16.5
Sub Total		**4,710,388,265**	**777,214,064**	**16.5**
B	**Conditional Grants**			
1	Supplement for construction of County Headquarters	90,800,000	-	
2	Climate Smart Agriculture Project	330,699,130	-	
3	DANIDA	8,937,800	-	
4	Agriculture Sector Development Support programme (ASDSP) II	9,529,177	-	
5	Emergency Locust Response Project	44,469,550	-	
6	Financing Locally led climate action	125,000,000	-	
	Sub-Total	**609,435,657**	-	-
C	**Other Sources of Revenue**			
1	Own Source Revenue	113,686,337	55,651,320	49.0
Sub Total		113,686,337	55,651,320	49.0
Grand Total		**4,824,074,602**	**832,865,384**	**17.3**

Source: Isiolo County Treasury

The County did not receive any conditional grants in the First Quarter of FY 2022/23. Figure 3-25 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

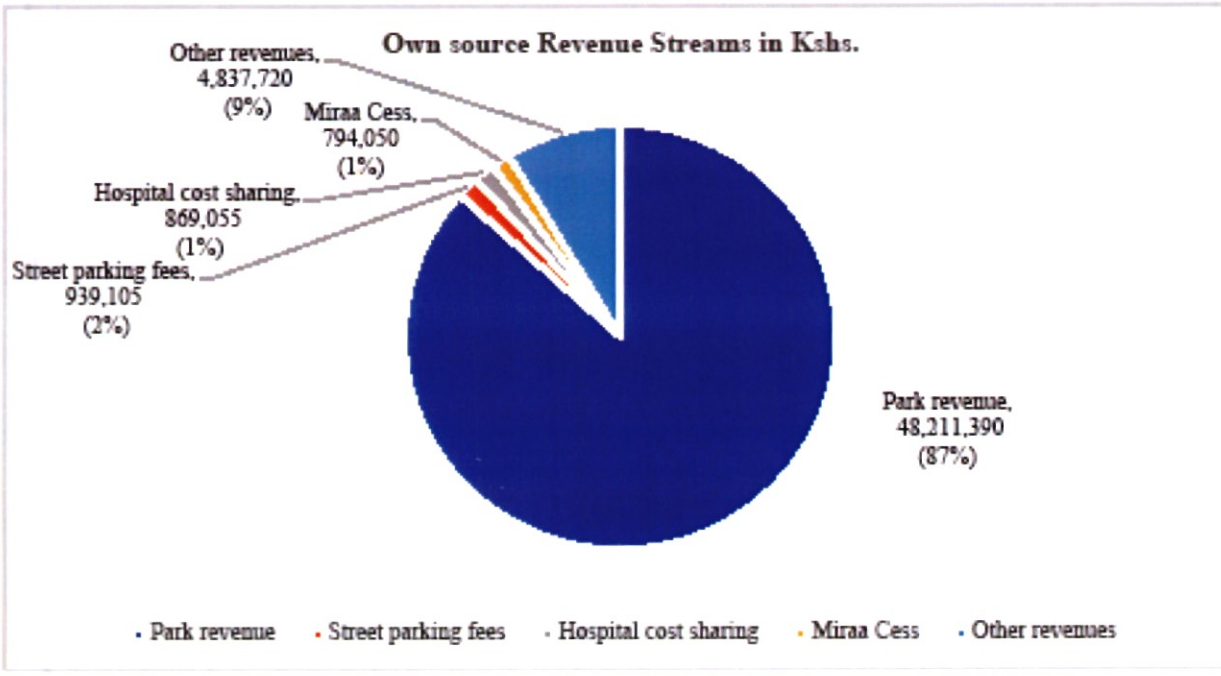
Figure 3-25: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Isiolo County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.55.65 million as own-source revenue. This amount represented an increase of 138 per cent compared to Kshs.23.39 million realised in a similar period in FY 2021/22 and was 49 per cent of the annual target and 7.2 per cent of the received equitable share. The OSR includes revenue arrears and penalties charged on the arrears from the previous financial year of Kshs.1.69 million. The top five revenue streams which contributed the highest OSR are shown in Figure 3-26.

Figure 3-26: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Isiolo County Treasury

The highest revenue stream was from Park Revenue of Kshs.48.2 million, which contributed to 87 per cent of the OSR collected in the first quarter of FY 2022/23.

3.10.3 Exchequer Issues

The Controller of Budget approved Kshs.495.5 million in withdrawals from the CRF account during the reporting period which was entirely for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.495.5 million for compensation to employees only.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.145.18 million.

3.10.4 County Expenditure Review

The County spent Kshs.488.85 million on recurrent programmes during the reporting period which represented 98.6 per cent of the total funds released by the CoB. Expenditure on recurrent activities represented 14.1 per cent of the annual recurrent expenditure budget.

3.10.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County reported the stock of pending bills of Kshs.760.35 million which comprised Kshs.35.25 million for recurrent expenditure and Kshs.725.10 million for development activities. The County did not settle any pending bills during the period under review.

3.10.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.455.43 million on employee compensation. Similarly, the County Assembly spent Kshs.40.08 million on employee compensation, as shown in Table 3-40.

Table 3-40: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**3,055,069,455**	**448,252,680**	**455,416,032**	**40,079,534**	**14.9**	**8.9**
Compensation to Employees	1,859,980,097	245,945,202	455,425,132	40,079,534	**24.5**	**16.3**
Operations and Maintenance	1,195,089,358	202,307,478	-	-	-	-
Development Expenditure	**1,742,188,124**	**188,000,000**	-	-	-	-
Total	**4,797,257,579**	**636,252,680**	455,425,132	40,079,534	**9.5**	**6.3**

Source: Isiolo County Treasury

3.10.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.495.50 million was 59.5 per cent of the First Quarter realised revenue of Kshs.832.87 million and included Kshs.236 million attributable to the health sector, which translated to 47.7 per cent of the total wage bill in the reporting period.

The County Assembly spent Kshs.0.59 million on committee sitting allowances for the 18 MCAs and the Speaker against the annual budget allocation of Kshs.9 million which was 0.3 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.10,962 per MCA.

3.10.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.110 million to the Emergency Fund and Kshs.70 million to the Bursary Fund in FY 2022/23, which constituted 3.0 per cent of the County's overall budget for the year. The OCoB did not receive quarterly financial returns from the Fund Administrator of the Bursary Fund which is against the requirement of Section 168 of the PFM Act, 2012.

3.10.9 Expenditure on Operations and Maintenance

The County did not report expenditures on operations and maintenance.

3.10.10 Development Expenditure

The County did not report any expenditure on development programmes.

3.10.11 Budget Performance by Department

Table 3-41 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-41: Isiolo County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County assembly	448.25	188.00	40.08	-	40.08	-	100.0	-	8.9	-
Office of the Governor	290.04	-	29.36	-	29.36	-	100.0	-	10.1	-
County Public Service Board	70.64	-	8.29	-	8.29	-	100.0	-	11.7	-
Deputy Governor	24.00	-	1.98	-	1.98	-	100.0	-	8.3	-
County Secretary	44.69	-	22.10	-	22.10	-	100.0	-	49.4	-
Administration and PSM	187.75	24.00	9.10	-	9.10	-	100.0	-	4.8	-
Delivery Unit	22.20	-	2.85	-	2.85	-	100.0	-	12.8	-
Cohesion, Intergovernmental Relations, Aid coordination, Disaster Management	35.99	10.00	0.90	-	0.89	-	99.0	-	2.5	-
Finance and Economic Planning	166.13	90.80	17.77	-	17.77	-	100.0	-	10.7	-
Special Programmes and ICT	41.66	110.00	0.78	-	0.78	-	100.0	-	1.9	-
Economic Planning	63.74	10.00	2.62	-	2.62	-	100.0	-	4.1	-
Lands and Physical Planning	23.87	62.40	2.53	-	2.53	-	100.0	-	10.6	-
Roads and Infrastructure	16.02	165.50	1.83	-	1.83	-	100.0	-	11.4	-
Public Works and Housing	22.75	7.00	4.08	-	4.08	-	100.0	-	17.9	-
Municipal Administration	57.41	165.04	4.21	-	4.21	-	100.0	-	7.3	-
Agriculture	55.01	431.12	10.34	-	10.34	-	100.0	-	18.8	-
Livestock, Veterinary and Fisheries	113.44	42.54	23.28	-	23.28	-	100.0	-	20.5	-
Education and Vocational Training	228.90	37.97	38.36	-	38.36	-	100.0	-	16.8	-
Youth and Sports	22.33	58.00	1.54	-	1.54	-	100.0	-	6.9	-
Culture and Social Services	20.88	24.24	2.11	-	2.11	-	100.0	-	10.1	-

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Tourism and Wildlife Management	139.78	20.00	27.41	-	27.41	-	100.0	-	19.6	-
Trade, Industries, Cooperatives	25.11	17.59	3.18	-	3.18	-	100.0	-	12.7	-
Water and Irrigation	56.38	127.79	7.53	-	7.53	-	100.0	-	13.4	-
Environment and Natural Resources	23.38	150.81	3.27	-	3.27	-	100.0	-	14.0	-
Health Services	1,302.96	187.39	230.00	-	230.00	-	100.0	-	17.7	-
Total	**3,503.32**	**1,930.19**	**495.50**	**-**	**495.50**	**-**	**100.0**	**-**	**14.1**	**-**

Source: Isiolo County Treasury

Analysis of expenditure by department shows that the Department of Special Programmes and ICT and the Department of Cohesion, Intergovernmental Relations, Aid coordination and n, Disaster Management had the lowest recurrent expenditure as a percentage of their recurrent budget at 1.9 per cent and 2.5 per cent respectively.

3.10.12 Budget Execution by Programmes and Sub-Programmes

Table 3-42 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-42: Isiolo County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Program	Description	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
			A	B	C=A-B	D=B/A*100
101003510		Livestock resource management and development	80,252,451.00	0	80,252,451.00	0.0
	101023510	Livestock Production	80,252,451.00	0	80,252,451.00	0.0
104003510		Crop Productivity Improvement	41,260,018.50	0	41,260,018.50	0.0
	104053510	Administration Climate Change Mitigation	41,260,018.50	0	41,260,018.50	0.0
105003510		Value Addition	4,825,880.25	0	4,825,880.25	0.0
	105013510	Veterinary Support Services	4,825,880.25	0	4,825,880.25	0.0
107003510		Planning and Survey of Urban Areas (Modogashe and Ol nd-onyiro)	17,063,451.00	0	17,063,451.00	0.0
	107013510	Administration and Planning Services	17,063,451.00	0	17,063,451.00	0.0
109003510		Land Survey and land use planning	17,904,899.25	4,850,000.00	13,054,899.25	27.1
	109013510	County land planning and spatial development	17,904,899.25	4,850,000.00	13,054,899.25	27.1
204003510		Public Works.	12,012,000.00	958,354.90	11,053,645.10	8.0
	204013510	Road Improvement	12,012,000.00	958,354.90	11,053,645.10	8.0
207003510		Municipal Administration	43,058,079.00	3,865,374.00	39,192,705.00	9.0
	207013510	General Administration and Planning	43,058,079.00	3,865,374.00	39,192,705.00	9.0
301003510		Trade development and promotion	18,829,907.25	1,850,000.00	16,979,907.25	9.8

Program	Sub Program	Description	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
			A	B	C=A-B	D=B/A*100
	301013510	Entrepreneurship and business management training	18,829,907.25	1,850,000.00	16,979,907.25	9.8
304003510		Tourism Promotion	104,835,997.50	0	104,835,997.50	0.0
	304023510	Tourism Development	104,835,997.50	0	104,835,997.50	0.0
401003510		Health Preventive and Promotive Services	49,522,842.75	9,120,000.00	40,402,842.75	18.4
	401023510	Preventive and Promotive Health Services	49,522,842.75	9,120,000.00	40,402,842.75	18.4
402003510		Health Curative Services	798,325,382.75	235,922,517.90	562,402,864.85	29.6
	402013510	Provision Of Essential Health products In all The Level	10,162,500.00	0	10,162,500.00	0.0
	402033510	Administration Support Services	777,428,611.25	235,922,517.90	541,506,093.35	30.3
	402083510	Beyond Zero Campaigns	10,734,271.50	0	10,734,271.50	0.0
403003510		Adminitration and Planning	130,701,150.75	0	130,701,150.75	0.0
	403013510	Curative and Rehabilitative Health Services	130,701,150.75	0	130,701,150.75	0.0
501003510		Administration, Planning and Support Services.	171,674,163.00	0	171,674,163.00	0.0
	501013510	Administration	145,424,163.00	0	145,424,163.00	0.0
	501033510	Contracted Services	26,250,000.00	0	26,250,000.00	0.0
504003510		Management and development of Sports and sports facilities	16,748,993.25	100,000.00	16,648,993.25	0.6
	504013510	Sports Academy Centre	16,748,993.25	100,000.00	16,648,993.25	0.6
505003510		Culture and Social Services	15,663,239.25	0	15,663,239.25	0.0
	505013510	Culture Development	15,663,239.25	0	15,663,239.25	0.0
701003510		Management of County Affairs	18,000,000.00	4,435,624.00	13,564,376.00	24.6
	701033510	County Executive Services	18,000,000.00	4,435,624.00	13,564,376.00	24.6
708003510		Prudent use of Financial Resources	16,653,661.50	5,694,910.00	10,958,751.50	34.2
	708013510	Governors Delivery Unit	16,653,661.50	5,694,910.00	10,958,751.50	34.2
710003510		Public financial management	124,595,534.25	49,481,147.50	75,114,386.75	39.7
	710013510	Administrative Services	107,345,474.25	49,156,147.50	58,189,326.75	45.8
	710023510	Policies and Bills	16,085,685.00	0	16,085,685.00	0.0
	710043510	Audit Services	1,164,375.00	325,000.00	839,375.00	27.9
711003510		Economic Planning and Coordination ion	47,802,129.75	11,396,409.50	36,405,720.25	23.8
	711013510	Monitoring and Evaluation	19,630,727.25	5,460,809.50	14,169,917.75	27.8
	711023510	Economic Policy and County Development Plans	9,818,058.75	1,985,000.00	7,833,058.75	20.2
	711043510	County Development Stakeholders Forums	6,530,197.50	1,980,200.00	4,549,997.50	30.3
	711053510	County Baseline Surveys on County Development Indicators	5,550,000.00	1,970,400.00	3,579,600.00	35.5
	711063510	Social Intelligence Reporting	2,260,646.25	0	2,260,646.25	0.0
	711073510	Capacity building and Support to Departments	1,762,500.00	0	1,762,500.00	0.0

Program	Sub Program	Description	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
			A	B	C=A-B	D=B/A*100
	711093510	County Strategic Plan and Performance Management Plan	2,250,000.00	0	2,250,000.00	0.0
712003510		Cohesion and Peace Building	26,994,637.50	9,088,880.00	17,905,757.50	33.7
	712013510	Administrative and Civic Education Services	26,994,637.50	9,088,880.00	17,905,757.50	33.7
713003510		County Governance and Coordination Affairs	217,530,237.00	57,069,546.15	160,460,690.85	26.2
	713013510	County Governance	217,530,237.00	57,069,546.15	160,460,690.85	26.2
716003510		County Devolved Administrative Affairs	33,519,175.50	14,278,406.00	19,240,769.50	42.6
	716013510	Devolved Administrative Affairs	33,519,175.50	14,278,406.00	19,240,769.50	42.6
719003510		Town administration, planning and support services	132,617,418.00	34,183,947.25	98,433,470.75	25.8
	719013510	Personnel Services	94,276,422.75	32,044,931.25	62,231,491.50	34.0
	719023510	General Administration Support Services	38,340,995.25	2,139,016.00	36,201,979.25	5.6
723003510		County Public Service	52,979,411.25	18,789,650.00	34,189,761.25	35.5
	723023510	Administration Support Services	52,979,411.25	18,789,650.00	34,189,761.25	35.5
724003510		Administration and support services	8,193,461.25	0	8,193,461.25	0.0
	724023510	Administration Support Services	8,193,461.25	0	8,193,461.25	0.0
725003510		Special programmes	31,247,969.25	4,623,091.00	26,624,878.25	14.8
	725013510	Administration & Planning	12,777,752.25	4,623,091.00	8,154,661.25	36.2
	725023510	Disaster management	18,470,217.00	0	18,470,217.00	0.0
1002003510		Water Supply and Storage Services	42,282,871.50	16,318,608.00	25,964,263.50	38.6
	1002013510	Procurement of survey equipment & accessories	37,441,621.50	16,193,608.00	21,248,013.50	43.3
	1002053510	River bank protection upstream & downstream of irrigation intakes	4,841,250.00	125,000.00	4,716,250.00	2.6
1003003510		Conservation of Environment & Natural Resources	17,536,329.00	6,548,357.50	10,987,971.50	37.3
	1003013510	Administration and Support Services	17,536,329.00	6,548,357.50	10,987,971.50	37.3
		Grand Total	2,292,631,291.25	488,574,823.70	1,804,056,467.55	21.3
72200			448,252,680.00	8,872,444.70	439,380,235.30	2.0
	County Assembly	Legislative service	448,252,680.00	8,872,444.70	439,380,235.30	2.0
		Grand Total	**2,740,883,971.25**	**497,447,268.40**	**2,243,436,702.85**	**18.1**

Source: *Isiolo County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: administrative services in the Department of Governor at 45.8 per cent, Provision of surveying equipment and accessories in the Department of Lands at 43.3 per cent, Devolved administrative support affairs in the Department of Governor at 42.6 per cent, and County public service in the department of Public service management at 35.5 per cent of budget allocation.

The report on Budget Performance by Programmes and Sub-programmes is based on the half-year budget which was available on IFMIS for utilisation during the period under review.

3.10.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Failure by the County Treasury to budget for cash balance from the previous financial year which amounted to Kshs 552.95 million
2. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was received on 11th November 2022
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Bursary Fund were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.760.35 million as of 30th September 2022. This is despite the availability of cash in the CRF which stood at Kshs.552.95 million at the end of the First Quarter of FY 2022/23.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure unspent cash balance from the previous financial year is captured in the Supplementary Budget.*
2. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*

3.11 County Government of Kajiado

3.11.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.10.11 billion, comprising Kshs. 3.24 billion (32.0 per cent) and Kshs.6.87 billion (68.0 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 8.3 per cent compared to the previous financial year when the approved budget was Kshs.11.02 billion and comprised of Kshs.3.57 billion towards development expenditure and Kshs.7.45 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.95 billion (80.3 per cent) as the equitable share of revenue raised nationally, and generate Kshs.1.50 billion (15.2 per cent) from its own sources of revenue. The County also expects to receive Kshs.453.41 million (4.6 per cent) as conditional grants. The conditional grants comprise Kenya Informal Settlement Improvement Project-KISIP Kshs.50 million, Transforming Health Care Systems For Universal Care Kshs.33.34 million, DANIDA Kshs.14.24 million, Nutrition international fund Kshs.10 million, Agriculture Sector Development Support Programme (ASDSP) Kshs.24.71 million, and Kenya Climate Smart Agriculture Project (KCSAP)) Kshs,321.18 million.

3.11.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.31 billion as the equitable share of the revenue raised nationally, raised Kshs.51.55 million as own-source revenue, and had a cash balance of Kshs.8.93 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.37 billion, as shown inTable 3-43.

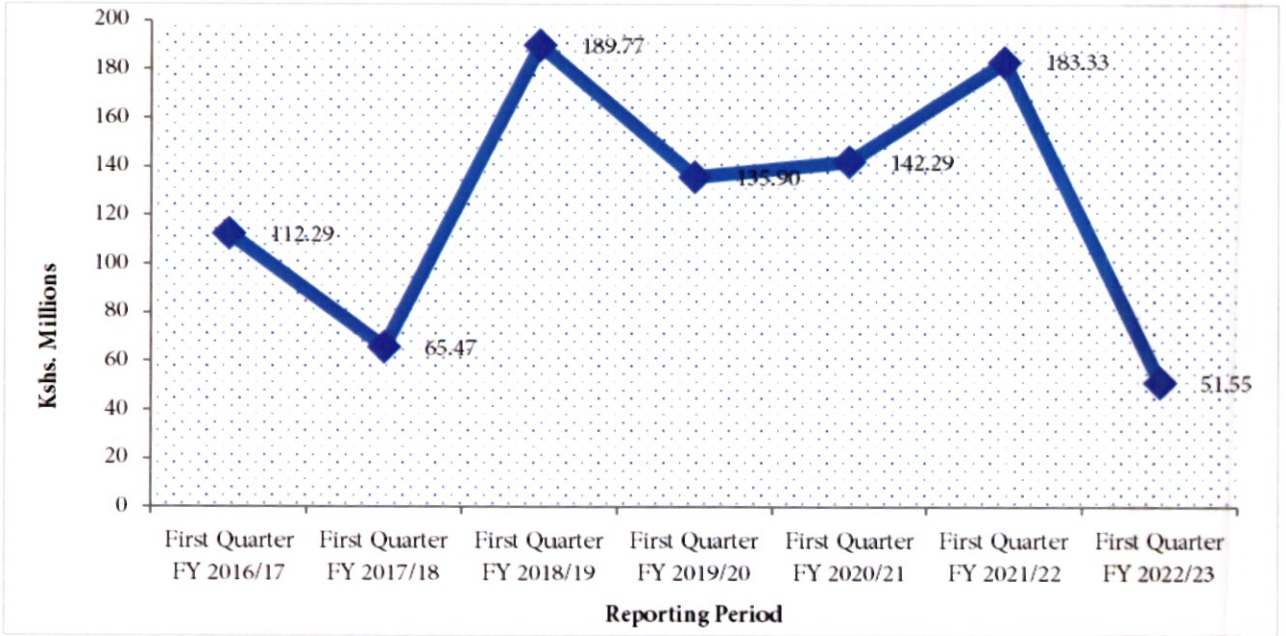
Table 3-43: Kajiado County, Revenue Performance in the First Quarter of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,954,768,229	1,312,536,760	16.5
Sub Total		7,954,768,229	1,312,536,760	16.5
B	Other Sources of Revenue			
1.	Own Source Revenue	1,503,946,728	51,554,854	3.4
2.	Conditional Grants	453,406,907	-	-
3.	Unspent balance from FY 2021/22	-	8,927,769	-
Sub Total		1,503,946,728	60,482,623	4.0
Grand Total		9,458,714,957	1,373,019,383	14.5

Source: Kajiado County Treasury

Figure 3-27 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

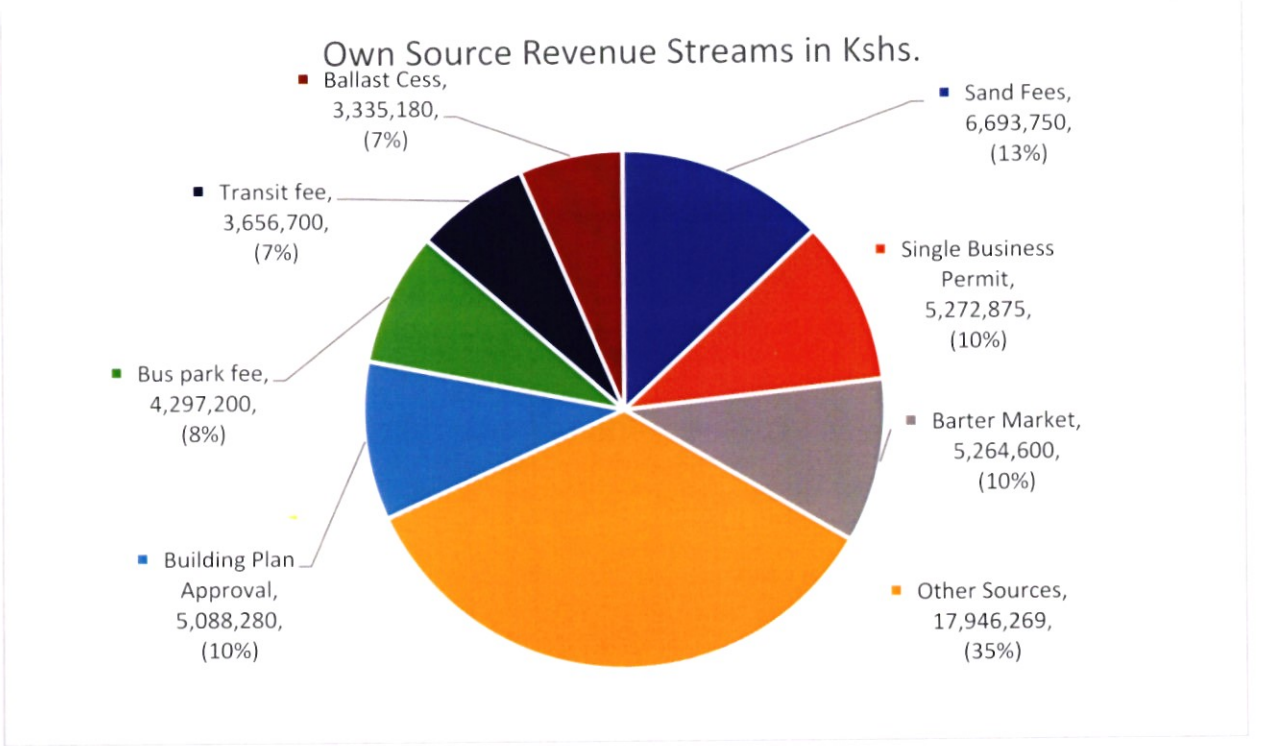
Figure 3-27: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Kajiado County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.51.55 million as own-source revenue. This amount represented a decrease of 256 per cent compared to Kshs.183.33 million realised in a similar period in FY 2021/22 and was 3.4 per cent of the annual target and 3.9 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-28.

Figure 3-28: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Kajiado County Treasury

The highest revenue stream was from Sand fee of Kshs 6.69million, which contributed to 13 per cent of the OSR collected in the first quarter of FY 2022/23.

3.11.3 Exchequer Issues

The Controller of Budget approved Kshs.1.25 billion in withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.100 million (8.0 per cent) for development programmes and Kshs. 1.15 billion (92.0 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs. 974.38 million for compensation to employees, Kshs.155.91 million for Operations and Maintenance expenditure and Kshs.100 million for development expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.190.01 million.

3.11.4 County Expenditure Review

The County spent Kshs.1.21 billion on development and recurrent programmes during the reporting period. This expenditure represented 96.7 per cent of the total funds released by the CoB and comprised Kshs.100 million and Kshs.1.15 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.1 per cent, while recurrent expenditure represented 16.2 per cent of the annual recurrent expenditure budget.

3.11.5 Settlement of Pending Bills

The County did not submit a report of the stock of pending bills at the beginning of the FY 2022/23 but reported the outstanding pending bills as of 30th September 2022 as Kshs.1.99 billion.

3.11.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.974.38 million on employee compensation, Kshs.52.29 million on operations and maintenance, and Kshs.100 million on development activities. Similarly, the County Assembly spent Kshs.48.20 million on employee compensation and Kshs.36.81 million on operations and maintenance, as shown inTable 3-44Error! Reference source not found..

Table 3-44: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Recurrent Expenditure	**5,846,899,005**	**927,082,894**	**1,026,664,993**	**85,006,958**	**17.6**	**9.2**
Compensation to Employees	4,077,074,175	298,870,564	974,377,662	48,197,774	23.9	16.1
Operations and Maintenance	1,769,824,830	628,212,330	52,287,331	36,809,184	3.0	5.9
Development Expenditure	3,138,139,965	100,000,000	100,000,000	-	3.2	0.0
Total	**8,985,038,970**	**1,027,082,894**	**1,126,664,993**	**85,006,958**	**12.5**	**8.3**

Source: Kajiado County Treasury

3.11.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.1.02 billion was 74.5 per cent of the realised revenue of Kshs.1.37 billion and included Kshs.437.02 million attributable to the health sector, which translated to 42.7 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.993.89 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.28.69 million. The manual payroll amounted to 3 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly did not report expenditures on committee sitting allowances for the 42 MCAs and the Speaker. The County Assembly has allocated Kshs.6.24 million in the FY2022/23 budget to cater for sitting allowances for the 20 County Assembly Committees.

3.11.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.310 million to the Emergency Fund and Kshs.205 million to county-established funds in FY 2022/23, constituting 5.1 per cent of the County's overall budget for the year. Table 3-45 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-45: Performance of County Established Funds as of 30th September 2022

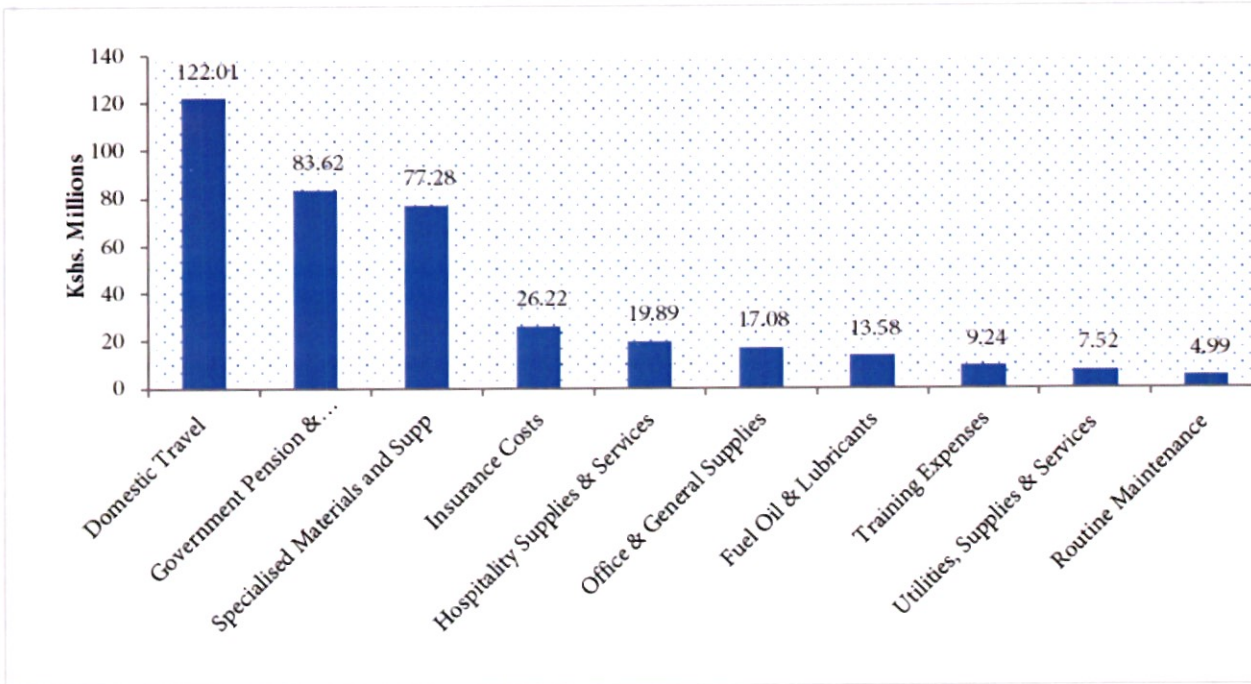
S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)	Absorption (%)
		A	B	D	B/A*100
	Nutrition Fund	10,000,000	9,999,400	Yes	100.0
	Bursary Fund - Scholarships and other Educational Benefits	150,000,000	75,000,000	Yes	50.0
	Microfinance-Disability Fund programme	10,000,000	5,000,000	Yes	50.0
	Kajiado County Executive Car Loans & Mortgage Fund	23,500,000	15,500,000	Yes	66.0
	Microfinance - Youth & Women Enterprise Fund	10,000,000	7,500,000	Yes	75.0
	Kajiado County Women Empowerment Fund	-	-		-
	Covid-19 Response Funds	1,499,045	-	No	-
	Grants for Management of Natural Disasters (Emergency Fund)	310,000,000	310,000,000	Yes	100
	Total	**514,999,045**	**422,999,400**		

Source: *Kajiado County Treasury*

3.11.9 Expenditure on Operations and Maintenance

Figure 3-29 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-29: Kajiado County, Operations and Maintenance Expenditure by Major Categories



Source: *Kajiado County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.122.01million and comprised Kshs. 32.79 million spent by the County Assembly and Kshs.89.22 million by the County Executive. Expenditure on foreign travel amounted to Kshs.4.44 million and comprised of Kshs.3.50 million by the County Assembly and Kshs.0.94 million by the County Executive.

3.11.10 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.100 million on development programmes, representing an increase of 100 per cent compared to a similar period in FY 2021/22 when the County did not report any development expenditure.

3.11.11 Budget Performance by Department

Table 3-46 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-46: Kajiado County, Budget Allocation and Absorpti on Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor and the Deputy Governor	218.44	10.00	77.72	-	34.70	-	44.7	-	15.9	-
County Public Service Board	115.87	-	12.30	-	13.72	-	111.6	-	11.8	-
Medical Services, Public Health & Sanitation	2,344.28	453.13	433.99	-	450.86	-	103.9	-	19.2	-
Water, Irrigation, Environment, and Natural Resources	219.27	261.00	25.64	-	26.88	-	104.9	-	12.3	-
Roads, Transport, Public Works, Housing and Energy	171.96	441.00	24.96	-	31.24	-	125.1	-	18.2	-
Public Service, Administration and Citizen Participation	699.30	101.39	121.37	-	123.30	-	101.6	-	17.6	-
Finance, Economic Planning and ICT	581.27	910.80	140.46	50.00	101.05	50.00	71.9	100	17.4	5.5
Lands, Physical Planning and Urban Development	100.17	50.00	16.49	-	18.08	-	109.6	-	18.0	-
Education, Youth, and Sports	532.50	386.00	109.28	50.00	112.42	50.00	102.9	100	21.1	13.0
Gender, Social Services, Culture & Tourism and Wildlife	74.13	10.00	13.40	-	10.16	-	75.8	-	13.7	-
Agriculture, Livestock, Veterinary Services and Fisheries	303.06	440.32	40.53	-	41.99	-	103.6	-	13.9	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Trade, Cooperative Development, and Enterprise Development	163.82	74.50	35.32	-	38.31	-	108.5	-	23.4	-
County Assembly	1,027.08	100.00	78.65	-	85.01	-	108.1	-	8.3	-
Kajiado Municipality	61.12	-	7.60	-	7.60	-	100.0	-	12.4	-
Ngong Municipality	93.44	-	11.83	-	12.29	-	103.9	-	13.2	-
Office of the County Attorney	168.26	-	3.49	-	4.05	-	116.2	-	2.4	-
TOTAL	**6,873.98**	**3,238.14**	**1,153.03**	**100.00**	**1,111.67**	**100.00**	**96.4**	**100**	**16.2**	**3.1**

Source: *Kajiado County Treasury*

Analysis of expenditure by the department shows that the Department of Education, Youth and Sports recorded the highest absorption rate of development budget at 13.0 per cent, followed by the Department of Finance, Economic Planning and ICT at 5.5 per cent. The Department of Trade, Cooperative Development, and Enterprise Development had the highest percentage of recurrent expenditure to budget at 23.4 per cent, while the Department of Office of the County Attorney had the lowest at 2.4 per cent.

3.11.12 Budget Execution by Programmes and Sub-Programmes

Table 3-47 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-47: Kajiado County, Budget Execution by Programmes and Sub-Programmes

County Executive Recurrent Budget and Expenditure					
Program	**Sub Program**	**Description**	**Budget (Kshs.)**	**Expenditure (Kshs.)**	**Absorption (%)**
101004660		General Administration, Planning and Support Services	196,684,404	40,289,670	20.5
	101014660	Headquarters Administrative Services	196,684,404	40,289,670	20.5
102004660		Crop and Plant Husbandry	14,137,609	182,000	1.3
	102014660	Crop Development and Management.	8,691,786	-	0.0
	102024660	Plant Diseases Management and Control	2,722,912	-	0.0
	102034660	Agri-business and Market Development	2,722,911	182,000	6.7
103004660		Livestock Resources Management and Development	16,125,528	529,200	3.3
	103014660	Animal Husbandry Management	9,533,741	529,200	5.6
	103034660	Veterinary Services	5,168,839	-	0.0
	103044660	Livestock Market Development	711,473	-	0.0
	103064660	Demonstrations Farm - Kajiado	711,475	-	0.0
104004660		Fisheries Development and Management	2,250,690	168,000	7.5
	104024660	Fisheries	2,250,690	168,000	7.5
106004660		Land Policy and Planning	21,143,418	422,800	2.0
	106034660	Physical Planning	7,607,000	6,000	0.1

County Executive Recurrent Budget and Expenditure					
Program	Sub Program	Description	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)
	106044660	Land Survey and Mapping	4,570,000	-	0.0
	106054660	Housing	4,276,480	51,800	1.2
	106064660		4,689,938	365,000	7.8
107004660		Animal Husbandry Livestock Resource Management and Development	55,803,124	472,500	0.8
	107034660	Animal Disease Control	55,803,124	472,500	0.8
108004660		Agricultural Development	18,057,557	350,000	1.9
	108034660	Agricultural Mechanization Services	5,668,839	-	0.0
	108054660	Agricultural Training Centre	1,896,063	-	0.0
	108064660	Irrigation	10,492,655	350,000	3.3
110004660			11,730,000	631,000	5.4
	110014660	Urban Development	11,730,000	631,000	5.4
113004660			67,292,217	17,025,863	25.3
	113014660	General Administration Planning and Support Services-Lands	67,292,217	17,025,863	25.3
204004660		Information Communication and Technology	119,554,724	26,362,816	22.1
	204014660	General Administration, planning and Support Services	119,554,724	26,362,816	22.1
207004660			52,408,970	4,875,018	9.3
	207014660	Roads	10,943,159	140,000	1.3
	207024660	Public Works	8,865,811	1,584,018	17.9
	207034660	Energy	14,500,000	2,640,000	18.2
	207044660	Fire Fighting	5,950,000	133,000	2.2
	207054660	Transport	12,150,000	378,000	3.1
301004660		General Administration, Planning and Support Services	124,884,968	35,773,093	28.6
	301014660	General Administration, Planning and Support Services	124,884,968	35,773,093	28.6
303004660		Cooperative Development and Management	10,680,131	821,600	7.7
	303014660	Cooperative Services	10,680,131	821,600	7.7
304004660		Trade Development	28,257,927	1,714,500	6.1
	304024660	Trade Development	26,508,025	1,714,500	6.5
	304044660	Enterprise Development	1,749,902	-	0.0
306004660			2,086,037	419,800	20.1
	306014660	Local Tourism promotion and Wildlife Management	2,086,037	419,800	20.1
401004660		General Administration, Planning and Support Services	1,965,599,769	448,294,439	22.8
	401024660	General Administration and Support Services	1,965,599,769	448,294,439	22.8
402004660		Preventive & Promotive Health Services	41,045,048	791,000	1.9
	402044660	Reproductive Maternal Neo-natal Child &Adolescent Health-RMNC	4,615,200	-	0.0
	402054660	Communicable and Non-Communicable diseases	4,516,348	280,000	6.2
	402064660	Primary Health Care Services	17,170,000	-	0.0

County Executive Recurrent Budget and Expenditure					
Program	**Sub Program**	**Description**	**Budget (Kshs.)**	**Expenditure (Kshs.)**	**Absorption (%)**
	402074660	Disease Surveillance and Response	3,989,500	-	0.0
	402084660	Environmental Health and Sanitation Services	10,754,000	511,000	4.8
404004660		Curative and Rehabilitative	337,634,933	1,775,335	0.5
	404034660	Hospital Services	18,858,000	713,900	3.8
	404044660	Health Products and Technologies	307,914,133	332,500	0.1
	404054660	Emergency Response services	10,862,800	728,935	6.7
501004660		General Administration, Planning and Support Services	470,835,372	110,569,372	23.5
	501014660	Headquarters Administrative Services	470,835,372	110,569,372	23.5
506004660			39,338,071	700,700	1.8
	506014660	Early Childhood Development and Education	39,338,071	700,700	1.8
507004660			6,440,000	406,000	6.3
	507014660	Technical Vocational Training	6,440,000	406,000	6.3
701004660		General Administration and Policy Coordination	627,781,472	136,036,310	21.7
	701014660	Headquarters Administrative Services	627,781,472	136,036,310	21.7
702004660		Executive Committee Affairs	23,541,121	483,000	2.1
	702024660	Information Communication Services	23,541,121	483,000	2.1
705004660		Public Financial Management	125,482,454	6,076,000	4.8
	705014660	Resource Mobilisation	24,612,454	1,689,300	6.9
	705044660	Accounting services	14,562,000	1,147,300	7.9
	705054660	Supply Chain Management Services	59,231,000	2,227,200	3.8
	705074660	Budget	15,280,000	669,200	4.4
	705104660	Internal Audit	11,797,000	343,000	2.9
712004660			24,934,861	-	0.0
	712014660	County Administration	19,150,000	-	0.0
	712024660	County Inspectorate	5,784,861	-	0.0
713004660			136,790,000	987,000	0.7
	713014660	Human Resource Management and Development	136,790,000	987,000	0.7
714004660			14,747,360	-	0.0
	714014660	Citizen Participation	14,747,360	-	0.0
715004660			151,570,287	33,097,429	21.8
	715014660	General Administration Planning and Support Services-Office	151,570,287	33,097,429	21.8
716004660			66,866,803	1,604,750	2.4
	716014660	County Executive Committee Affairs	33,946,000	1,604,750	4.7
	716024660	Intergovernmental Relations	10,688,000	-	0.0
	716034660	County Advisory Services	10,440,000	-	0.0
	716044660	Special Programmes	11,792,803	-	0.0
717004660			402,569,015	94,163,423	23.4
	717014660	General Administration Planning and Support Services-County Tr	402,569,015	94,163,423	23.4
718004660			29,681,892	329,000	1.1
	718014660	Economic Planning	14,975,973	329,000	2.2
	718024660	Monitoring and Evaluation	14,705,919	-	0.0
902004660			61,786,388	9,079,951	14.7

County Executive Recurrent Budget and Expenditure					
Program	**Sub Program**	**Description**	**Budget (Kshs.)**	**Expenditure (Kshs.)**	**Absorption (%)**
	902014660	Gender	61,786,388	9,079,951	14.7
904004660			10,915,006	-	0.0
	904014660	Social Protection	4,960,000	-	0.0
	904024660	Disability Mainstreaming	1,852,000	-	0.0
	904034660	Control of Alcohol and Substance Abuse	4,103,006	-	0.0
905004660			5,172,864	399,000	7.7
	905014660	Gender Mainstreaming	5,172,864	399,000	7.7
906004660			5,086,099	265,300	5.2
	906014660	Cultural Heritage	1,591,000	-	0.0
	906024660	Cultural Activities	3,495,099	265,300	7.6
907004660			15,887,665	746,900	4.7
	907014660	Sports Training and Competition	15,887,665	746,900	4.7
1006004660			45,834,643	448,000	1.0
	1006014660	Environment Management and Protection	43,712,659	294,000	0.7
	1006024660	Natural Resource Management	2,121,984	154,000	7.3
1007004660			106,763,741	25,783,686	24.2
	1007014660	General Administration Planning and Support Services	106,763,741	25,783,686	24.2
1008004660			66,675,425	651,000	1.0
	1008014660	Water Services	45,750,000	651,000	1.4
	1008024660	Storm Water Management	20,925,425	-	0.0
4682000100			61,121,827	7,595,920	12.4
	209004682		48,837,427	7,595,920	15.6
	211004682		6,254,000	-	0.0
	210004682		6,030,400	-	0.0
4683000100			93,435,397	12,289,491	13.2
	212004683		81,770,397	12,289,491	15.0
	214004683		3,000,000	-	0.0
	213004683		8,665,000	-	0.0
4684000100			168,264,188	4,054,050	2.4
	720004684		168,264,188	4,054,050	2.4
		Grand Total	**5,846,899,005**	**1,026,664,915**	**17.6**

102004660		Crop and Plant Husbandry	401,322,664	-	0.0
	102014660	Crop Development and Management.	401,322,664	-	0.0
103004660		Livestock Resources Management and Development	21,000,000	-	0.0
	103044660	Livestock Market Development	20,000,000	-	0.0
	103054660	Animal Disease Control	1,000,000	-	0.0
204004660		Information Communication and Technology	800,000	-	0.0
	204024660	Information Communication and Technology	800,000	-	0.0
207004660			441,000,000	-	0.0
	207014660	Roads	405,500,000	-	0.0
	207034660	Energy	35,500,000	-	0.0
208004660			50,000,000	-	0.0

	208014660	Urban Development	50,000,000	-	0.0
304004660		Trade Development	74,500,000	-	0.0
	304024660	Trade Development	61,000,000	-	0.0
	304044660	Enterprise Development	13,500,000	-	0.0
401004660		General Administration, Planning and Support Services	10,000,000	-	0.0
	401024660	General Administration and Support Services	10,000,000	-	0.0
402004660		Preventive & Promotive Health Services	182,392,243	-	0.0
	402044660	Reproductive Maternal Neo-natal Child &Adolescent Health-RMNC	53,348,868	-	0.0
	402064660	Primary Health Care Services	116,043,375	-	0.0
	402084660	Environmental Health and Sanitation Services	13,000,000	-	0.0
404004660		Curative and Rehabilitative	260,735,108	-	0.0
	404034660	Hospital Services	260,735,108	-	0.0
501004660		General Administration, Planning and Support Services	175,000,000	50,000,000	28.6
	501014660	Headquarters Administrative Services	175,000,000	50,000,000	28.6
506004660			207,000,000	-	0.0
	506014660	Early Childhood Development and Education	207,000,000	-	0.0
713004660			20,000,000	-	0.0
	713014660	Human Resource Management and Development	20,000,000	-	0.0
716004660			10,000,000	-	0.0
	716024660	Intergovernmental Relations	10,000,000	-	0.0
717004660			910,000,000	50,000,000	5.5
	717014660	General Administration Planning and Support Services-County Tr	910,000,000	50,000,000	5.5
902004660			10,000,000	-	0.0
	902014660	Gender	10,000,000	-	0.0
904004660			81,389,950	-	0.0
	904014660	Social Protection	71,389,950	-	0.0
	904024660	Disability Mainstreaming	10,000,000	-	0.0
907004660			4,000,000	-	0.0
	907014660	Sports Training and Competition	4,000,000	-	0.0
1.01E+09			279,000,000	-	0.0
	1006014660	Environment Management and Protection	261,000,000	-	0.0
	1006034660	Irrigation	18,000,000	-	0.0
		Grand Total	3,138,139,965	100,000,000	3.2
	401024660	General Administration and Support Services	1,965,599,769	448,294,439	22.8
402004660		Preventive & Promotive Health Services	41,045,048	791,000	1.9
	402044660	Reproductive Maternal Neo-natal Child &Adolescent Health-RMNC	4,615,200	-	0.0
	402054660	Communicable and Non-Communicable diseases	4,516,348	280,000	6.2
	402064660	Primary Health Care Services	17,170,000	-	0.0
	402074660	Disease Surveillance and Response	3,989,500	-	0.0

	402084660	Environmental Health and Sanitation Services	10,754,000	511,000	4.8
404004660		Curative and Rehabilitative	337,634,933	1,775,335	0.5
	404034660	Hospital Services	18,858,000	713,900	3.8
	404044660	Health Products and Technologies	307,914,133	332,500	0.1
	404054660	Emergency Response services	10,862,800	728,935	6.7
501004660		General Administration, Planning and Support Services	470,835,372	110,569,372	23.5
	501014660	Headquarters Administrative Services	470,835,372	110,569,372	23.5
506004660			39,338,071	700,700	1.8
	506014660	Early Childhood Development and Education	39,338,071	700,700	1.8
507004660			6,440,000	406,000	6.3
	507014660	Technical Vocational Training	6,440,000	406,000	6.3
701004660		General Administration and Policy Coordination	627,781,472	136,036,310	21.7
	701014660	Headquarters Administrative Services	627,781,472	136,036,310	21.7
702004660		Executive Committee Affairs	23,541,121	483,000	2.1
	702024660	Information Communication Services	23,541,121	483,000	2.1
705004660		Public Financial Management	125,482,454	6,076,000	4.8
	705014660	Resource Mobilisation	24,612,454	1,689,300	6.9
	705044660	Accounting services	14,562,000	1,147,300	7.9
	705054660	Supply Chain Management Services	59,231,000	2,227,200	3.8
	705074660	Budget	15,280,000	669,200	4.4
	705104660	Internal Audit	11,797,000	343,000	2.9
712004660			24,934,861	-	0.0
	712014660	County Administration	19,150,000	-	0.0
	712024660	County Inspectorate	5,784,861	-	0.0
713004660			136,790,000	987,000	0.7
	713014660	Human Resource Management and Development	136,790,000	987,000	0.7
714004660			14,747,360	-	0.0
	714014660	Citizen Participation	14,747,360	-	0.0
715004660			151,570,287	33,097,429	21.8
	715014660	General Administration Planning and Support Services-Office	151,570,287	33,097,429	21.8
716004660			66,866,803	1,604,750	2.4
	716014660	County Executive Committee Affairs	33,946,000	1,604,750	4.7
	716024660	Intergovernmental Relations	10,688,000	-	0.0
	716034660	County Advisory Services	10,440,000	-	0.0
	716044660	Special Programmes	11,792,803	-	0.0
717004660			402,569,015	94,163,423	23.4
	717014660	General Administration Planning and Support Services-County Tr	402,569,015	94,163,423	23.4
718004660			29,681,892	329,000	1.1
	718014660	Economic Planning	14,975,973	329,000	2.2
	718024660	Monitoring and Evaluation	14,705,919	-	0.0
902004660			61,786,388	9,079,951	14.7
	902014660	Gender	61,786,388	9,079,951	14.7
904004660			10,915,006	-	0.0
	904014660	Social Protection	4,960,000	-	0.0
	904024660	Disability Mainstreaming	1,852,000	-	0.0

	904034660	Control of Alcohol and Substance Abuse	4,103,006	-	0.0
905004660			5,172,864	399,000	7.7
	905014660	Gender Mainstreaming	5,172,864	399,000	7.7
906004660			5,086,099	265,300	5.2
	906014660	Cultural Heritage	1,591,000	-	0.0
	906024660	Cultural Activities	3,495,099	265,300	7.6
907004660			15,887,665	746,900	4.7
	907014660	Sports Training and Competition	15,887,665	746,900	4.7
1006004660			45,834,643	448,000	1.0
	1006014660	Environment Management and Protection	43,712,659	294,000	0.7
	1006024660	Natural Resource Management	2,121,984	154,000	7.3
1007004660			106,763,741	25,783,686	24.2
	1007014660	General Administration Planning and Support Services	106,763,741	25,783,686	24.2
1008004660			66,675,425	651,000	1.0
	1008014660	Water Services	45,750,000	651,000	1.4
	1008024660	Storm Water Management	20,925,425	-	0.0
4682000100			61,121,827	7,595,920	12.4
	209004682		48,837,427	7,595,920	15.6
	211004682		6,254,000	-	0.0
	210004682		6,030,400	-	0.0
4683000100			93,435,397	12,289,491	13.2
	212004683		81,770,397	12,289,491	15.0
	214004683		3,000,000	-	0.0
	213004683		8,665,000	-	0.0
4684000100			168,264,188	4,054,050	2.4
	720004684		168,264,188	4,054,050	2.4
		Grand Total	**5,846,899,005**	**1,026,664,915**	**17.6**

Source: *Kajiado County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: General Administration, Planning and Support Services in the Department of Transport at 28.6 per cent, General Administration Planning and Support Services in the Department of Lands, Physical Planning and Urban Development at 25.3 per cent, and General Administration Planning and Support Services in the Department of Water, Irrigation, Environment, and Natural Resources at 24.2 per cent of budget allocation.

3.11.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

5. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 7th November 2022.
6. The underperformance of own-source revenue at Kshs.51.55 million against an annual projection of Kshs.1.50 billion, representing 3.4 per cent of the annual target.
7. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3-46, where the County incurred expenditure over approved exchequer issues in a number of departments.
8. Use of manual payroll. Personnel emoluments amounting to Kshs.28.69 million were processed through the manual payroll and accounted for 3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
9. High level of pending bills which amounted to Kshs.1.99 billion as of 30th September 2022. This is despite the availability of cash in the CRF, which stood at Kshs.190.01 million at the end of the First Quarter of FY 2022/23.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*

3.12 County Government of Kakamega

3.12.1 Overview of FY 2022/23Budget

The County's approved budget for the FY 2022/23 is Kshs.15.41 billion, comprising Kshs.5.70 billion (37per cent) and Kshs.9.71 billion (63 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 5.3 per cent compared to the previous financial year when the approved budget was Kshs.16.47 billion and comprised of Kshs.7.54 billion towards development expenditure and Kshs.8.93 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.12.39 billion (80.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.2.0 billion (13 per cent) from its own sources of revenue, and a cash balance of Kshs.1.15 billion (6.5 per cent) from FY 2021/22. The County also expects to receive Kshs.15.38 million (0.1 per cent) as a conditional grant from DANIDA.

3.12.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.05 billion as the equitable share of the revenue raised nationally, raised Kshs.171.57 million as own-source revenue and had a cash balance of Kshs.1.15 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.2.37 billion, as shown in Table 3-48.

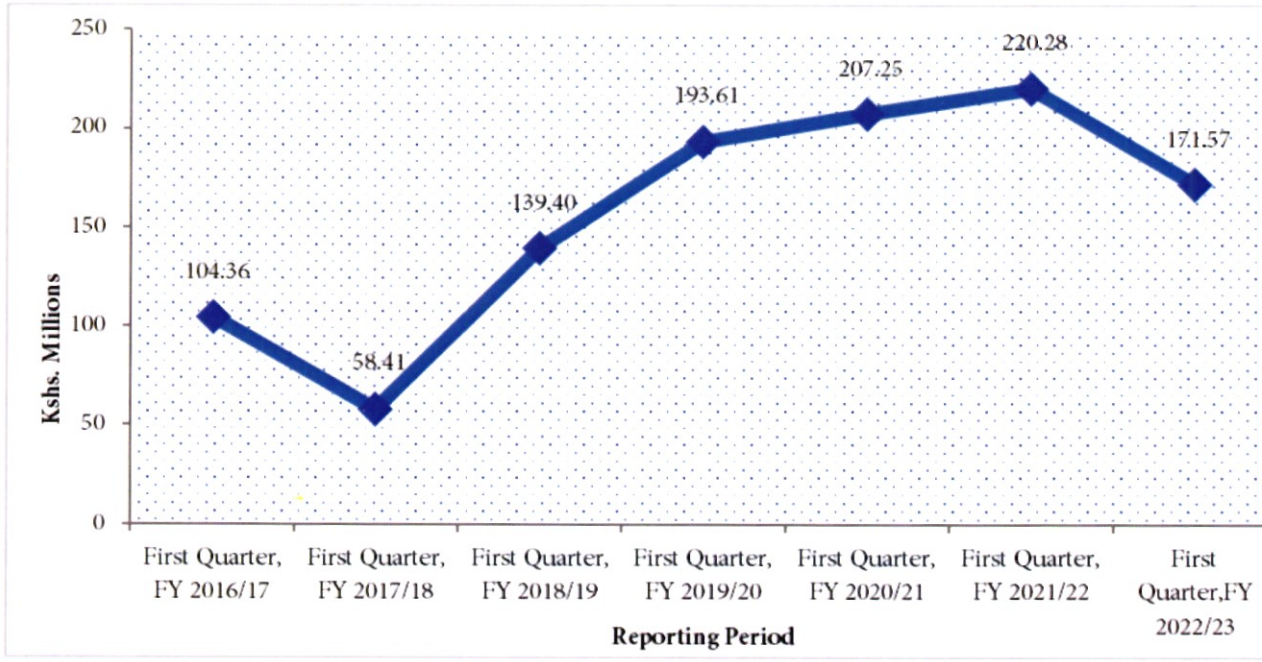
Table 3-48: Kakamega County, Revenue Performance in the First Quarter of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**12,389,412,168**	**1,053,100,034**	**8.5**
	Sub Total	**12,389,412,168**	**1,053,100,034**	**8.5**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	2,000,000,000	171,572,120	8.5
2	DANIDA Grant	15,380,750	-	-
3.	Unspent balance from FY 2021/22	1,146,560,245	1,146,560,245	100
	Sub Total	**3,161,940,995**	**1,318,132,365**	**41.7**
Grand Total		**15,551,353,163**	**2,371,232,399**	**15.2**

Source: Kakamega County Treasury

Figure 3-30shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

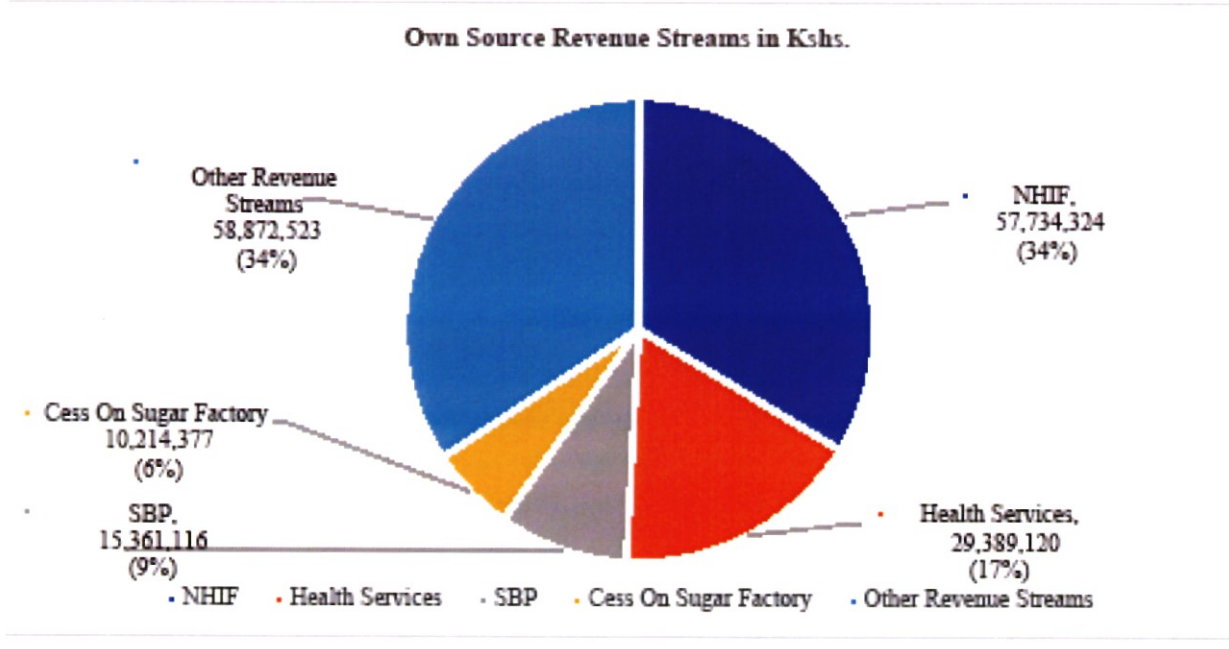
Figure 3-30: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Kakamega County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.171.57 million as own-source revenue. This amount represented a decrease of 22.1 per cent compared to Kshs.220.23 million realised in a similar period in FY 2021/22 and was 8.5 per cent of the annual target and 7.2 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-31.

Figure 3-31: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Kakamega County Treasury

The highest revenue stream was from NHIF of Kshs.57.7 million, which contributed to 34 per cent of the OSR collected in the first quarter of FY 2022/23.

3.12.3 Exchequer Issues

The Controller of Budget approved Kshs.2.13 billion in withdrawals from the CRF account during the reporting period, which was entirely for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.1.47 billion for compensation to employees and Kshs.663 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.146.5 million.

3.12.4 Borrowing by the County

The County has a short-term arrangement with the Cooperative Bank of Kenya to facilitate net salary payments to avoid delays in paying salaries to the Bank. As of 30th September 2022, short-term borrowing stood at Kshs.201 million.

3.12.5 County Expenditure Review

The County spent Kshs.2.12 billion on recurrent programmes during the reporting period. This expenditure represented 99 per cent of the total funds released by the CoB and represented an absorption rate of 21.8 per cent of the annual recurrent expenditure budget.

3.12.6 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.1.32 billion, comprising Kshs.241.27 million for recurrent expenditure and Kshs.905.74 million for development activities. During the period under review, pending bills amounting to Kshs.175.22 million for recurrent expenditure were settled; therefore, as of 30th September 2022, the outstanding pending bills were Kshs.1.15 billion.

3.12.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.39 billion on employee compensation and Kshs.634.7 million on operations and maintenance. Similarly, the County Assembly spent Kshs.81.15 million on employee compensation and Kshs.30.97 million on operations and maintenance as shown in Table 3-49.

Table 3-49: Summary of Budget and Expenditure by Economic Classification

Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**8,612,625,127**	**1,096,480,336**	**2,024,320,660**	**97,114115**	**23.5**	**8.9**
Compensation to Employees	5,378,748,549	620,836,081	1,389,621,436	81,148,315	25.8	13.1
Operations and Maintenance	3,233,876,578	475,644,255	634,699,224	15,965,800	19.6	3.4
Development Expenditure	5,696,087,916	182,000,000	-	-	0.0	0.0
Total	**14,308,713,043**	**1,278,480,336**	**2,024,320,660**	**97,114,115**	**14.1**	**7.6**

Source: Kakamega County Treasury

3.12.8 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.1.47 billion was 62 per cent of the First Quarter realised revenue of Kshs.2.37 billion and included Kshs.701.2 million attributable to the health sector, which translated to 50.5 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.1.33 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.62.3 million. The manual

payroll amounted to 4.5 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly spent Kshs.12.31 million on committee sitting allowances for the 89 MCAs and the Speaker against the annual budget allocation of Kshs.171.05 million, 25.6 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.45,582 per MCA.

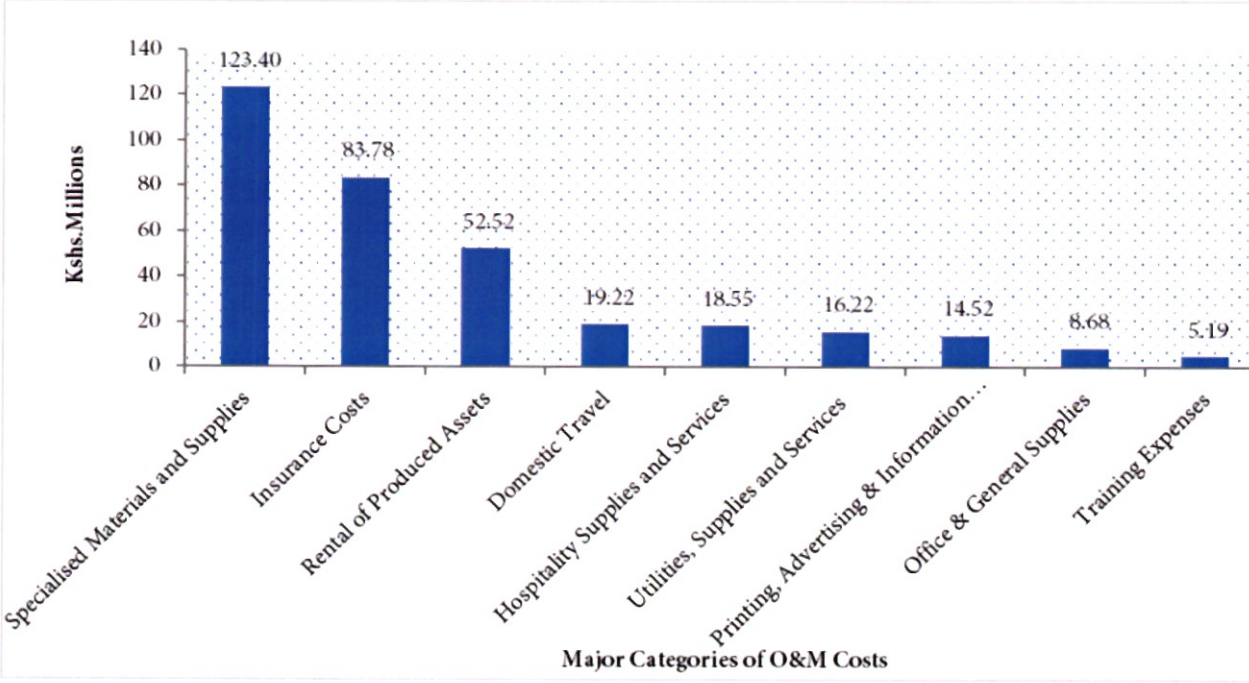
3.12.9 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.200 million to the Emergency Fund and Kshs.182 million to the County Assembly Car Loan Fund.

3.12.10 Expenditure on Operations and Maintenance

Figure 3-32 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-32: Kakamega County, Operations and Maintenance Expenditure by Major Categories



Source: *Kakamega County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.19.22 million, comprising Kshs.1.13 million spent by the County Assembly and Kshs.18.09 million by the County Executive.

3.12.11 Development Expenditure

The County Government did not report any expenditure on development programmes.

3.12.12 Budget Performance by Department

Table 3-50 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-50: Kakamega County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Co-operatives	78.33	1,148.43	13.40	-	4.90	-	36.6	-	6.3	-
Health Services	773.58	1,366.96	144.59	-	191.31	-	132.3	-	24.7	-
Education, Science & Technology	353.72	298.06	1.00	-	3.37	-	337.3	-	1.0	-
Transport, Infrastructure, Public Works and Energy	339.00	804.86	45.91	-	64.51	-	140.5	-	19.0	-
Lands, Housing, Urban Areas and Physical Planning	191.61	298.27	38.78	-	23.66	-	61.0	-	12.3	-
Social Services, Youth & Sports	49.99	601.66	4.90	-	6.03	-	123.1	-	12.1	-
Trade, Industrialization & Tourism	27.42	279.00	2.55	-	5.24	-	205.5	-	19.1	-
Water, Environment and Natural Resources	40.34	470.18	-	-	3.19	-	-	-	7.9	-
Public Service and Administration	5,957.90	125.13	1,598.25	-	1,602.24	-	100.2	-	26.9	-
Office of the Governor	154.06	12.95	33.45	-	24.58	-	73.5	-	16.0	-
Finance and Economic Planning	612.25	62.27	137.70	-	92.69	-	67.3	-	15.1	-
County Public Service Board	15.74	-	2.70	-	0.20	-		-	1.3	-
ICT, E-government & Communication	18.67	46.30	1.95	-	2.39	-	122.5	-	12.8	-
County Assembly	1,096.48	182.00	108.67	-	97.11	-	89.4	-	8.9	-
Total	**9,709.11**	**5,696.09**	**2,133.83**	**-**	**2,121.43**	**-**	**99.4**	**-**	**21.8**	**-**

Source: *Kakamega County Treasury*

Analysis of expenditure by department the Department of Public Service and Administration had the highest percentage of recurrent expenditure to budget at 26.9 per cent, followed by the Department of Health Services at 24.7 per cent. The County departments did not report spending on the development budget.

3.12.13 Budget Execution by Programmes and Sub-Programmes

Table 3-51 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23

Table 3-51: Kakamega County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme code	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
			A	B		D=B/A*100
101004810		**Livestock development**	**215,585,405**	**1,050,730**	**214,534,675**	0.49
	101014810	Dairy Development	130,861,465	122,320	130,739,145	0.09
	101024810	Poultry development	10,000,000	-	10,000,000	-

Programme	Sub-Programme code	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
			A	B		D=B/A*100
	101034810	Livestock disease and pest prevention	32,667,998	928,410	31,739,588	2.84
	101044810	Livestock Market Infrastructure Improvement	42,055,942	-	42,055,942	-
102004810		**Fish Farming Productivity Programme**	**70,000,000**	**10,090,000**	**59,910,000**	14.41
	102024810	Promotion of Fish Farming	70,000,000	10,090,000	59,910,000	14.41
103004810		**Crop Production and Management Services**	**889,534,761**	-	**889,534,761**	-
	103014810	Cash crop development	3,000,000	-	3,000,000	-
	103024810	Food crop production	478,160,904	-	478,160,904	-
	103034810	Crop pest and disease management	5,000,000	-	5,000,000	-
	103044810	Agricultural Extension and Research	403,373,857	-	403,373,857	-
105004810		**Agricultural Extension and Research**	**13,755,438**	-	**13,755,438**	-
	105014810	Training and demonstration	13,755,438	-	13,755,438	-
106004810		**Cooperative Development**	**24,794,566**	**629,540**	**24,165,026**	2.54
	106014810	Marketing and value addition	24,794,566	629,540	24,165,026	2.54
107004810		**Land Management Services**	**181,170,327**	**28,151,443**	**153,018,884**	15.54
	107014810	Land use policy and planning	100,339,713	19,490,734	80,848,979	19.42
	107024810	Land Administration and Planning	74,628,615	7,991,366	66,637,249	10.71
	107034810	Survey Services	6,201,999	669,343	5,532,656	10.79
108004810		**Housing Management Services**	**60,200,349**	**12,179,269**	**48,021,080**	20.23
	108014810	Housing Infrastructure development	5,200,349	243,425	4,956,924	4.68
	108024810	Slum Upgrading	55,000,000	11,935,844	43,064,156	21.70
110004810		**Urban Development Service**	**248,513,848**	**36,749,705**	**211,764,143**	14.79
	110024810	Social Amenities and Sanitary Services	248,513,848	36,749,705	211,764,143	14.79
120004810		**Irrigation and Drainage Development**	**3,091,091**	-	3,091,091	-
	120014810	Small Holder Irrigation and Drainage	3,091,091	-	3,091,091	-
201004810		**Road Infrastructure Development**	**1,026,390,504**	**57,130,631**	**969,259,873**	5.57
	201014810	Road Maintenance	75,000,000	18,685,759	56,314,242	24.91
	201024810	Bridges Culverts Construction	28,000,000	4,845,624	23,154,376	17.31
	201034810	Road construction	923,390,504	33,599,249	889,791,255	3.64
203004810		**Energy Reticulation**	**55,000,000**	**6,395,097**	**48,604,903**	11.63
	203014810	Electrification.	35,000,000	6,395,097	28,604,903	18.27
	203024810	Renewable Energy	20,000,000	-	20,000,000	-
204004810		**Public works Management**	**2,473,247**	**345,500**	**2,127,747**	13.97
	204014810	Public works Management	2,473,247	345,500	2,127,747	13.97

Programme	Sub-Programme code	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
			A	B		D=B/A*100
304004810		**Promotion of tourism and marketing**	**7,558,554**	**1,561,042**	**5,997,512**	20.65
	304014810	Promotion of tourism and marketing	7,558,554	1,561,042	5,997,512	20.65
306004810		**Administration, Planning and support services**	**6,996,850**	**1,214,463**	**5,782,387**	17.36
	306014810	Administration Support Services	6,996,850	1,214,463	5,782,387	17.36
307004810		**Trade Development and Investment**	**164,994,461**	-	**164,994,461**	-
	307014810	Modern Market infrastructure development	156,628,682	-	156,628,682	-
	307024810	Micro and small enterprises' development	8,365,779	-	8,365,779	-
309004810		**Industrial development and investment**	**126,872,895**	-	**126,872,895**	-
	309014810	Industrial Development and Promotion	126,872,895	-	126,872,895	-
401004810		**Preventive and promotive services**	**213,682,980**	**1,463,350**	**212,219,630**	0.68
	401024810	Community Health Strategy	98,664,067	223,608	98,440,459	0.23
	401034810	Diseases surveillance & Emergency response	2,526,275	784,642	1,741,633	31.06
	401044810	Nutrition service Promotion	190,287	-	190,287	-
	401054810	HIV /AIDS Control	228,574	-	228,574	-
	401064810	Maternal and child healthcare promotion	110,575,613	234,800	110,340,813	0.21
	401074810	TB Control	513,574	-	513,574	-
	401084810	Malaria control	599,170	220,300	378,870	36.77
	401094810	Promotion of family planning	385,420	-	385,420	-
402004810		**Promotion of Curative health services**	**1,823,765,925**	**256,647,003**	**1,567,118,922**	14.07
	402014810	Health Infrastructure Development	1,163,961,825	70,200,452	1,093,761,373	6.03
	402024810	Primary medical health services	637,804,100	185,827,927	451,976,173	29.14
	402034810	Blood Transfusion Services	22,000,000	618,624	21,381,376	2.81
403004810		**General Administrative and Support services**	**103,094,484**	**4,131,258**	**98,963,226**	4.01
	403014810	Administrative and Human Resources management	93,200,808	3,818,746	89,382,062	4.10
	403024810	Disability mainstreaming	205,430	-	205,430	-
	403034810	Health Data and Information Management	9,688,246	312,512	9,375,734	3.23
503004810		**Vocational Education and Training development**	**242,501,199**	**27,909,363**	**214,591,836**	11.51
	503014810	Polytechnic Support and Development	242,501,199	27,909,363	214,591,836	11.51
504004810		**Early Childhood Development Education (ECDE)**	**228,972,264**	**29,846,981**	**199,125,283**	13.04

Programme	Sub-Programme code	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
			A	B		D=B/A*100
	504014810	ECD Infrastructure Development	162,500,000	29,186,066	133,313,934	17.96
	504024810	Childcare and development	66,472,264	660,915	65,811,349	0.99
505004810		**Education Support Programme**	**180,304,757**	**1,231,010**	**179,073,747**	0.68
	505024810	Non-Tertiary Education Support	180,304,757	1,231,010	179,073,747	0.68
703004810		**Management and administration of County Functions**	**113,263,446**	**33,144,281**	**80,119,165**	29.26
	703024810	County executive services	113,263,446	33,144,281	80,119,165	29.26
704004810		**Support, Coordination and Advisory Services**	**5,188,520**	**974,505**	**4,214,015**	18.78
	704014810	Legal Services	5,188,520	974,505	4,214,015	18.78
705004810		**Information and communication services**	**108,699,517**	**12,904,197**	**95,795,320**	11.87
	705014810	Information and communication services	108,699,517	12,904,197	95,795,320	11.87
706004810		**Economic and policy formulation and management planning**	**56,748,214**	**26,978,343**	**29,769,871**	47.54
	706014810	Economic policy formulation	56,748,214	26,978,343	29,769,871	47.54
707004810		**Public finance management**	**370,102,720**	**27,277,226**	**342,825,494**	7.37
	707014810	Accounting and Financial services	61,836,558	15,459,140	46,377,419	25.00
	707024810	Financial Accounting and Reporting	237,468,276	3,606,856	233,861,420	1.52
	707034810	Budget Formulation and management	66,748,097	7,682,623	59,065,474	11.51
	707044810	Procurement services	4,049,789	528,607	3,521,182	13.05
709004810		**Support, Co-ordination and Advisory services**	**52,676,101**	**6,283,210**	**46,392,891**	11.93
	709014810	Support and Advisory services	37,014,898	3,738,330	33,276,568	10.10
	709024810	County Internal Audit services	15,661,203	2,544,880	13,116,323	16.25
710004810		**County Assembly Services**	**1,338,480,296**	**97,114,115**	**1,241,366,181**	7.26
	710014810	Oversight services	1,338,480,296	97,114,115	1,226,366,181	7.26
712004810		**County Public service and Administrative services**	**6,070,220,633**	**1,128,332,444**	**4,941,888,189**	18.59
	712014810	County Administration	474,173,118	109,404,842	364,768,276	23.07
	712024810	Human Resource Management	5,596,047,515	1,018,927,602	4,577,119,914	18.21
713004810		**General Administration and Support services**	**167,171,622**	**59,298,550**	**107,873,072**	35.47
	713014810	Administrative Services	167,171,622	59,298,550	107,873,072	35.47
716004810		**Alcoholics and Drinks Control**	**22,985,063**	**125,220**	**22,859,843**	0.54
	716014810	Alcohol and Drug Rehabilitation Program	22,985,063	125,220	22,859,843	0.54
718004810		**Investment promotion**	**38,230,222**	**4,830,000**	**33,400,222**	12.63
	718014810	Investment promotion	38,230,222	4,830,000	33,400,222	12.63

Programme	Sub-Programme code	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
			A	B		D=B/A*100
901004810		**Administration, Planning and Support services**	**29,726,370**	**5,935,687**	**23,790,683**	19.97
	901014810	Administrative Services	29,726,370	5,935,687	23,790,683	19.97
902004810		**Culture and Arts Development**	**23,653,400**	**2,386,745**	**21,266,655**	10.09
	902014810	Culture and Heritage Conservation	23,653,400	2,386,745	21,266,655	10.09
903004810		**Management and Development Of Sports And Sports Facilities**	**476,872,050**	**90,038,712**	**386,833,338**	18.88
	903014810	Development of Sports facilities	450,000,000	86,951,219	363,048,781	19.32
	903024810	Promotion and Development of Sports and Talent	26,872,050	3,087,493	23,784,557	11.49
904004810		**Youth & Gender Development and Promotion Services**	**25,677,218**	**104,662**	**25,572,556**	0.41
	904014810	Youth, Disability and Gender Empowerment and mainstreaming	25,677,218	104,662	25,572,556	0.41
906004810		**Social Development and Promotions**	**104,266,710**	**901,193**	**103,365,517**	0.86
	906014810	Social Development and Social Protection	100,740,310	552,740	100,187,570	0.55
	906024810	Child welfare Services	3,526,400	348,453	3,177,947	9.88
908004810		**Development of Library services**	**1,459,224**	**89,200**	**1,370,024**	6.11
	908014810	Library services	1,459,224	89,200	1,370,024	6.11
1.005E+09		**Natural Resource Management**	**38,128,179**	**8,260,258**	**29,867,921**	21.66
	1005014810	Afforestation and Re-afforestation	18,236,413	3,919,558	14,316,855	21.49
	1005024810	Protection of natural resources and environmental processes	19,891,766	4,340,700	15,551,066	21.82
1.006E+09		**Water and Sanitation Services**	**364,757,008**	**112,423,566**	**252,333,442**	30.82
	1006014810	Water Resource Supply and management	364,757,008	112,423,566	252,333,442	30.82
1.007E+09		**Environmental conservation**	**107,632,921**	**27,306,278**	**80,326,643**	25.37
	1007014810	Environmental Protection	107,632,921	27,306,278	80,326,643	25.37
		Grand Total	**15,405,193,339**	**2,121,434,775**	**13,283,758,564**	**13.77**

Source: *Kakamega County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: economic policy formulation in the Department of Management and administration of county functions at 47.54 per cent, Administrative service in the Department of county public service and administrative service at 35.47 per cent, Malaria in the Department of Preventive and promotive services at 36.77 per cent, and diseases surveillance at 31.06 per cent of budget allocation.

3.12.14 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

10. The underperformance of own-source revenue at Kshs.171.57 million against an annual projection of Kshs. 2.0 billion, representing 8.5 per cent of the annual target.
11. High level of pending bills which amounted to Kshs. 1.15 billion as of 30th September 2022. This is despite the availability of cash in the CRF, which stood at Kshs. 146.5 million as of the end of the First Quarter of FY 2022/23.
12. Use of manual payroll. Personnel emoluments amounting to Kshs.62.3 million were processed through the manual payroll and accounted for 4.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

The County should implement the following recommendations to improve budget execution;

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff recruitment on contract terms and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.13 County Government of Kericho

3.13.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.7.88 billion, comprising Kshs.2.36 billion (30 per cent) and Kshs.5.52 billion (70 per cent) allocation for development and recurrent programmes respectively. The approved budget estimate is a decline of 12.3 per cent compared to the previous financial year when the approved budget was Kshs.8.85 billion and comprised of Kshs.3.85 billion towards development expenditure and Kshs.5.0 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.43 billion (81.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.853.27million (10.8 per cent) from own source of revenue. The County also expects to receive Kshs.594.80 million (7.6 per cent) as conditional grants, which consist of the Agricultural Sector Development Support Fund (ASDSP II), Transformative Health System (World Bank), Kenya Devolution Support Project (World Bank), Climate Smart Agriculture Project (World Bank) and Climate Change Institutional Support (World Bank). The County did not budget for unspent cash balance from the previous financial year.

3.13.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.58 billion as the equitable share of the revenue raised nationally, raised Kshs.76.54 million as own-source revenue, Kshs.53.50 million as conditional grants, and had a cash balance of Kshs.0.88 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.71 billion, as shown in Table 3-52.

Table 3-52: Kericho County, Revenue Performance in the First Quarter of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2022/23 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,430,664,924	1,575,512,904	24.50

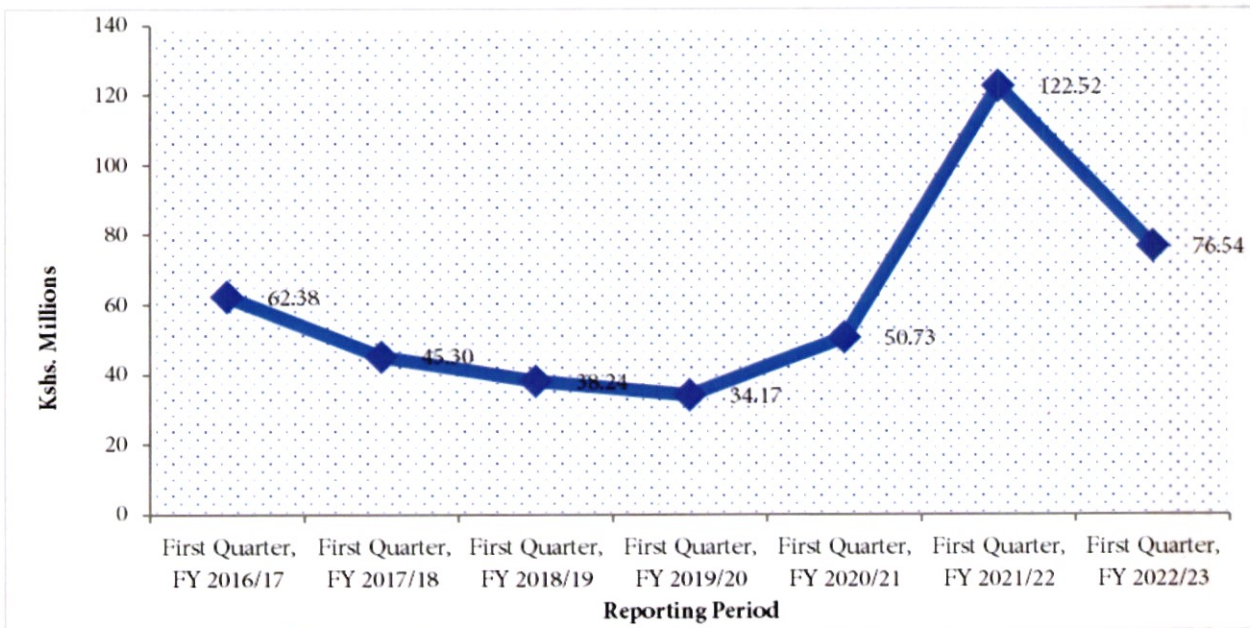
Sub Total		**6,430,664,924**	**1,575,512,904**	**24.5**
B	**Conditional Grants**			
1	DANIDA FUND	11,921,250	-	-
2	Agricultural Sector development support Fund (ASDSP)	43,114,132	-	-
3	Transformative health system (World Bank)	75,948,635	-	-
4	Kenya Devolution Support Project (World Bank)	102,491,953	-	-
5	Climate Smart Agriculture Project (World Bank)	350,000,000	53,504,006	**15.3**
6	Climate Change Institutional Support (World Bank)	11,320,000	-	-
	Sub-Total	**594,795,970**	**53,504,006**	**15.3**
C	**Other Sources of Revenue**			
1	Own Source Revenue	853,268,053	76,535,964	9.0
2	Balance b/f from FY2021/22	-	876,546	0
Sub Total		**853,268,053**	**77,412,510**	**9.07**
Grand Total		**7,878,728,947**	**1,706,429,420**	**21.7**

Source: Kericho County Treasury

The conditional grants which were not released in the First Quarter of FY 2022/23 were the Agricultural Sector Development Support Fund (ASDSP II), Transformative Health System (World Bank), Kenya Devolution Support Project (World Bank), and Climate Change Institutional Support (World Bank).

Figure 3-33 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

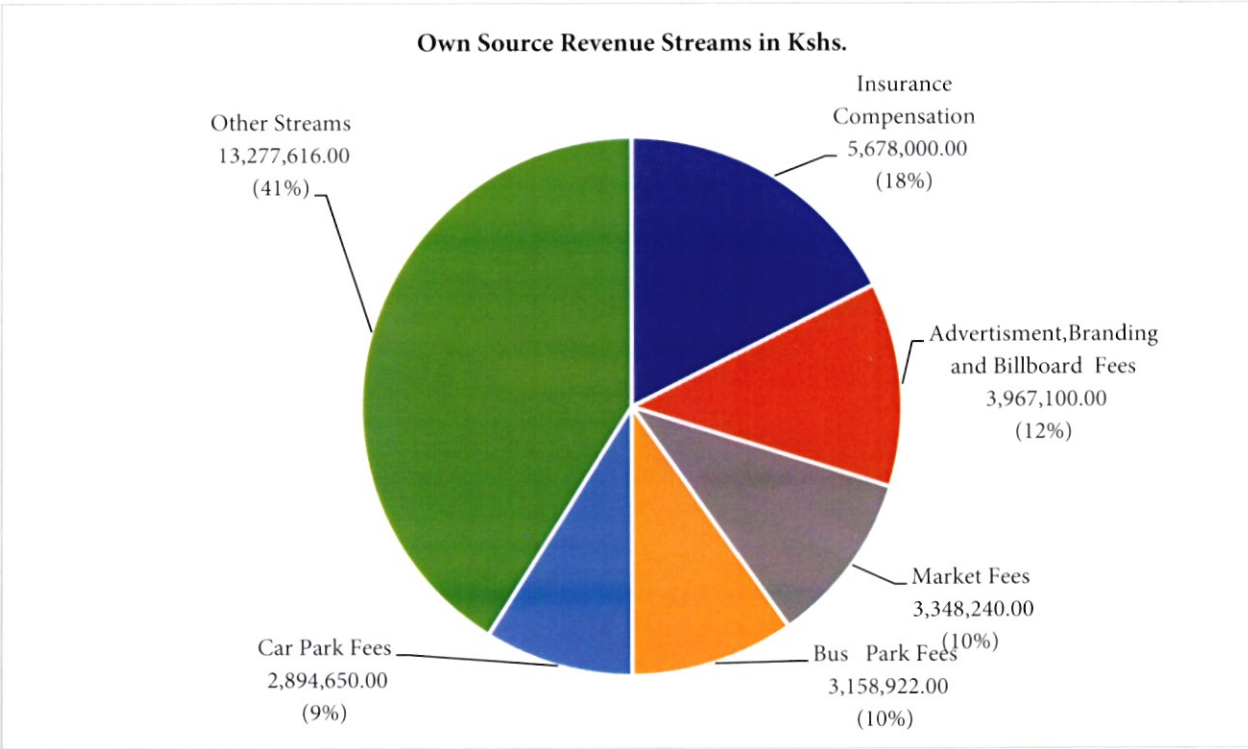
Figure 3-33: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Kericho County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.76.54 million as own-source revenue. This amount represented a decrease of 37.5 per cent compared to Kshs.122.52 million realised in a similar period in FY 2021/22 and was 9.0 per cent of the annual target and 4.9 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-34

Figure 3-34: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Kericho County Treasury

The highest revenue stream was from Insurance Compensation of Kshs.5.67 million, which contributed to 18 per cent of the OSR collected in the first quarter of FY 2022/23.

3.13.3 Exchequer Issues

The Controller of Budget approved Kshs.1.05 billion in withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.146.20 million (13.9 per cent) for development programmes and Kshs.903.89 billion (86.1 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.770.50 million for compensation to employees, Kshs.133.39 million for Operations and Maintenance expenditure, and Kshs.146.20 million for development expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.564.56 million.

3.13.4 County Expenditure Review

The County spent Kshs.1.03 billion on development and recurrent programmes during the reporting period. This expenditure represented 98.0 per cent of the total funds released by the CoB and comprised of Kshs.146.20 million and Kshs.882.47 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 6.2 per cent while recurrent expenditure represented 16.0 per cent of the annual recurrent expenditure budget.

3.13.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County reported the stock of pending bills of Kshs.515.05 million which comprised of Kshs.330.75 million for recurrent expenditure and Kshs.184.31million for development activities. The County did not settle pending bills despite the availability of Kshs.564.56 million in the CRF.

3.13.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.683.12 million on employee compensation, Kshs.94.09 million on operations and maintenance, and Kshs.146.20 million on

development activities. Similarly, the County Assembly spent Kshs.79.23 million on employee compensation, Kshs.26.03 million on operations and maintenance, and no expenditure on development activities, as shown inTable 3-53.

Table 3-53: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,690,175,940	826,813,928	777,209,413	105,254,509	16.6	12.7
Compensation to Employees	2,831,477,797	368,281,031	683,122,998	79,227,539	24.1	21.5
Operations and Maintenance	1,858,698,143	458,532,897	94,086,415	26,026,970	5.1	5.7
Development Expenditure	2,361,739,079	-	146,197,749	0	6.2	0.0
Total	**7,051,915,019**	**826,813,928**	**923,407,162**	**105,254,509**	**13.1**	**12.7**

Source: Kericho County Treasury

3.13.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.762.35 million was 44.7 per cent of the realised revenue of Kshs.1.71 billion and included Kshs.435.88 million attributable to the health sector, which translated to 57.2 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.676.08 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.86.27 million. The manual payroll amounted to 12.6 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly did not spend on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.20.42 million.

3.13.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Ksh.292.56 million to county-established funds in FY 2022/23, which constituted 4.0 per cent of the County's overall budget for the year. Table 3-54 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-54: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
	Education Bursary Fund	164,748,540	0	0	No
	Mortgages	10,000,000	0	0	No
County Assembly Established Funds					
	Car Loans for MCAs	98,000,000	0	0	No
	Car Loans/Mortgages for Staff	19,818,307	0	0	No
	Total	**292,566,847**			

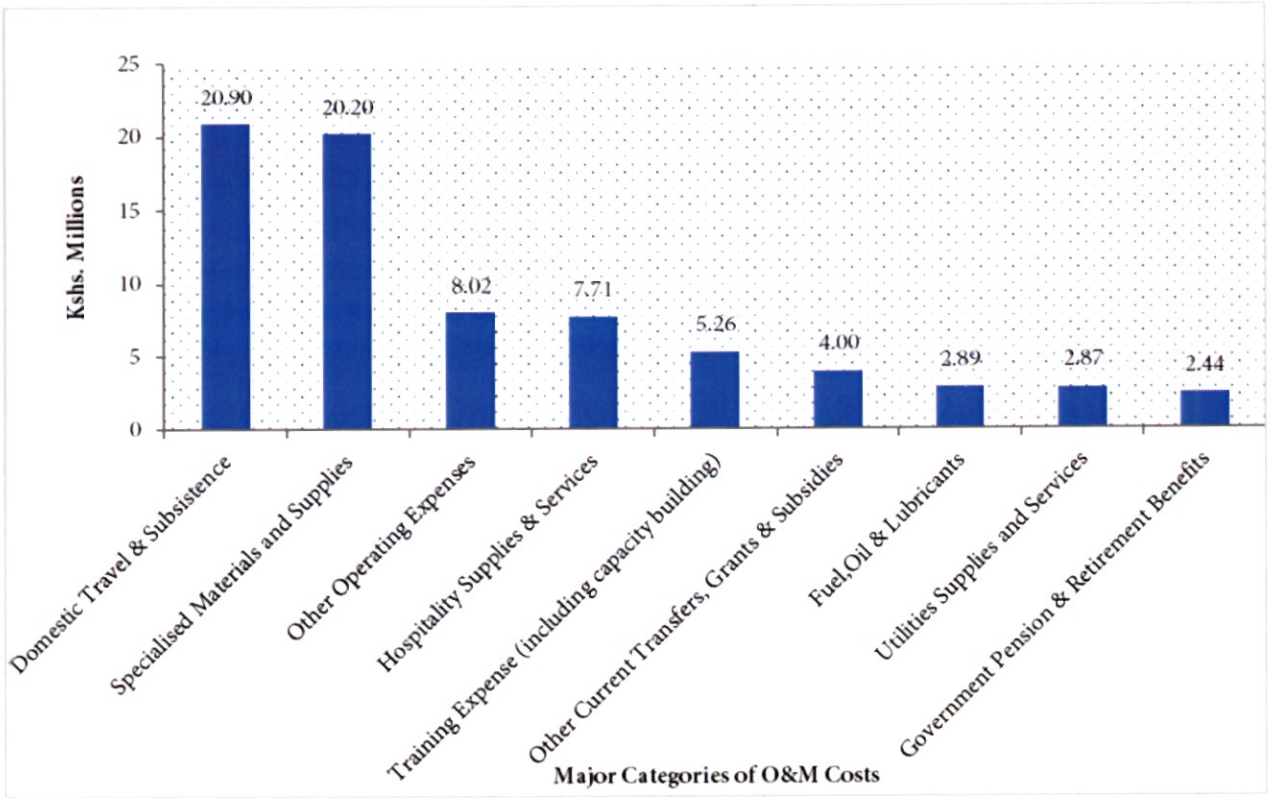
Source: *Kericho County Treasury*

The OCoB did not receive quarterly financial returns from Fund Administrators of all funds as indicated in Table 3-54, which is against the requirement of Section 168 of the PFM Act, 2012.

3.13.9 Expenditure on Operations and Maintenance

Figure 3-35 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-35: Kericho County, Operations and Maintenance Expenditure by Major Categories



Source: *Kericho County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.32.80 million and comprised of Kshs.11.90 million spent by the County Assembly and Kshs.20.90 million by the County Executive. Expenditure on foreign travel amounted to Kshs.0.66 million and comprised of Kshs.0.42 million by the County Assembly and Kshs.0.24 million by the County Executive.

3.13.10 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.146.20 million on development programmes which were payments of withholding taxes deducted from contractors representing an increase compared to a similar period in FY 2021/22 when the County did not report any development expenditure in the reporting period.

3.13.11 Budget Performance by Department

Table 3-55 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-55: Kericho County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly Services	826.81	5.17	126.00	-	105.25	-	184.	0	12.7	0.0
Public Service & Administration	418.87	10.95	57.06	1.00	53.19	1.00	324.7	100.0	12.7	9.1
Office of the Governor & Deputy governor	124.30	-	16.38	-	18.98	-	197.6	0	15.3	0
County Public Service Board	56.51	-	9.60	-	9.31	-	37.3	0	16.5	0
Finance & Economic Planning	305.04	166.35	24.96	21.79	41.07	21.79	8.4	100.0	13.5	13.1
Health Services	2,627.46	407.97	489.21	12.52	477.70	12.52	1616.3	100.	18.2	3.1
Agric, Livestock Dev & Fisheries	160.98	504.09	29.56	56.02	29.99	2.52	40.2	4.5	18.0	0.5
Education, Youth Affairs, Culture & Social Services	535.38	213.82	74.52	9.76	72.56	63.27	538.6	648.0	13.6	29.6
Public Works, Roads & Transport	91.32	510.84	13.47	17.87	12.83	17.87	91.4	100.0	14.1	3.5
Trade, Industrialization, Tourism, Wildlife & Coop Development	69.91	64.77	14.03	1.93	13.90	1.93	67.9	100.0	19.9	3.0
Water, Energy, Natural Resources & Environment	155.44	299.89	20.46	23.04	20.70	23.04	104.1	100.0	13.3	7.
Land, Housing & Physical Planning	90.63	107.59	19.89	1.69	20.34	1.69	232.6	100.0	22.4	1.6
Information Communication & E-Government	54.34	70.30	8.74	0.57	6.62	0.57	0	100.0	12.2	0.8
Total	**5,516.99**	**2,361.74**	**903.89**	**146.20**	**882.46**	**146.20**	**97.6**	**100.0**	**16.0**	**6.2**

Source: *Kericho County Treasury*

Analysis of expenditure by department shows that the Depart of Education, Youth Affairs, Culture & Social Services recorded the highest absorption rate of development budget at 29.6 per cent, followed by the Department of Finance & Economic Planning at 13.1 per cent. The Department of Land, Housing & Physical Planning had the highest percentage of recurrent expenditure to budget at 22.4 per cent while the Department of Information Communication & E-Government had the lowest at 12.2 per cent.

3.13.12 Budget Execution by Programmes and Sub-Programmes

Table 3-56 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-56: Kericho County, Budget Execution by Programmes and Sub-Programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub-Programme**	**Approved Estimates FY 2022/23 (Kshs.)**	**Actual Expenditure Q1 FY 2022/23 (Kshs.)**	**Variance (Kshs.)**	**Absorption Rate (%)**
		A	**B**	**C=A-B**	**D=B/A*100**
County Coordination Services	County Coordination Services	124,301,145	18,980,255	105,320,890	15.27
Public sector advisory services	Economic and Social Advisory Service	-	-	-	0.00
Sub-Total		**124,301,145**	**18,980,255**	**105,320,890**	15.27
Administration, Planning and Support Services.	Administration Services.	349,157,064	27,394,615	321,762,449	7.85
Administration, Planning and Support Services.	Monitoring Budget Implementation and Reporting	38,097,235	5,632,200	32,465,035	14.78
Public Finance Management	Budget Formulation co-ordination and management	70,911,632	5,237,250	65,674,382	7.39
Audit Services	County Audit	13,225,639	2,809,200	10,416,439	21.24
Sub-Total		**471,391,570**	**41,073,265**	**430,318,305**	8.71
Policy, Strategy and Management of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	31,048,359	6,560,412	24,487,947	21.13
Crop Development and Management	Agriculture Extension Services	526,906,021	11,793,085	515,112,936	2.24
Livestock Resource Management and Development	Livestock Disease Management and Control.	41,313,991	330,600	40,983,391	0.80
Livestock Resource Management and Development	Livestock Production and Extension Services	55,412,363	11,164,231	44,248,132	20.15
Fisheries development	Management and Development of Capture Fisheries	10,386,760	144,500	10,242,260	1.39
Sub-Total		**665,067,494**	**29,992,827**	**635,074,667**	4.51
Environment policy development and coordination	Planning Coordination Policy and Administrative Services	151,481,140	20,698,629	130,782,511	13.66
Water supply services	Rural Water Supply	303,844,666	-	303,844,666	0.00
Sub-Total		**455,325,806**	**20,698,629**	**434,627,177**	4.55
General Administration & planning services.	Policy Development and Administration	340,521,415	71,013,561	269,507,854	20.85

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub-Programme**	**Approved Estimates FY 2022/23 (Kshs.)**	**Actual Expenditure Q1 FY 2022/23 (Kshs.)**	**Variance (Kshs.)**	**Absorption Rate (%)**
		A	**B**	**C=A-B**	**D=B/A*100**
Basic Education	Early Childhood Development Education	339,716,728	1,040,225	338,676,503	0.31
Gender and Social Development	Social Welfare Services/Social Infrastructure Development	25,595,969	506,920	25,089,049	1.98
Youth development and empowerment services	Youth development (YP) Training	43,366,170	-	43,366,170	0.00
Sub-Total		**749,200,282**	**72,560,706**	**676,639,576**	9.69
Curative Health	Administration and Planning	1,793,267,318	254,702,900	1,538,564,418	14.20
Curative Health	Hospital(curative)Services	-	-	-	0
Preventive and Promotive Health	Preventive Medicine and Promotive Health	1,242,164,061	205,243,962	1,036,920,099	16.52
Sub-Total		**3,035,431,379**	**459,946,863**	**2,575,484,516**	15.15
Administration and support services	General Administration and Planning	49,744,921	8,744,409	41,000,512	17.5
Housing Development and Human Resource	Housing Development	80,326,444	2,105,170	78,221,274	2.62
Land policy and planning	Development Planning and Land Reforms	62,046,821	7,993,837	54,052,984	12.88
Land policy and planning	Land Use Planning	6,102,443	1,499,130	4,603,313	24.57
Sub-Total		**198,220,629**	**20,342,546**	**177,878,083**	10.26
Transport Management and safety	General Administration Planning and Support Services	74,012,784	12,002,031	62,010,753	16.22
Infrastructure, Roads and Transport	Rehabilitation of Road	496,389,740	828,340	495,561,400	0.17
Infrastructure, Roads and Transport	Maintenance of Roads and Bridges/Periodic Maintenance	31,756,317	-	31,756,317	0.00
Sub-Total		**602,158,841**	**12,830,371**	**589,328,470**	2.13
Trade development and investment	Fair trade Practices and Consumer Protection (weight & measures)	81,891,069	9,332,145	72,558,924	11.4
Trade development and investment	Administrative and Support Services.	13,786,035	3,000,410	10,785,625	21.76
Cooperative development and management	Cooperative Advisory & Extension Services.	32,004,403	1,566,354	30,438,049	4.89
Tourism development and marketing	Local Tourism Development.	7,000,000	-	7,000,000	0.00
Sub-Total		**134,681,507**	**13,898,909**	**120,782,597**	10.32

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub-Programme**	**Approved Estimates FY 2022/23 (Kshs.)**	**Actual Expenditure Q1 FY 2022/23 (Kshs.)**	**Variance (Kshs.)**	**Absorption Rate (%)**
		A	**B**	**C=A-B**	**D=B/A*100**
Information & Communication Service	News and Information Services	54,336,604	6,623,018	47,713,586	12.19
Information & Communication Service	ICT and BPO development services	70,295,727	-	70,295,727	0.00
Sub-Total		**124,632,331**	**6,623,018**	**118,009,313**	5.31
Administration of Human Resources and Public Service	Establishment, Appointment, Discipline and Board Management.	56,512,544	9,314,337	47,198,207	16.48
Sub-Total		**56,512,544**	**9,314,337**	**47,198,207**	16.48
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	304,768,062	31,791,966	272,976,096	10.43
Administration of Human Resources and Public Service	Human Resource Development	125,052,535	21,398,830	103,653,705	17.11
Sub-Total		429,820,597	53,190,796	376,629,801	12.3
Legislative Services	Legislative Development	20,744,093	3,046,394	17,697,699	14.7
Legislative Services	Compliance and Oversight	265,907,463	61,374,720	17,697,699	23.1
Sub-Total		**286,651,555**	**64,421,114**	**222,230,442**	**22.5**
Administration of Human Resources and public Services	Administration and Field Services	535,010,270	55,898,324	479,111,946	10.5
Sub-Total		**535,010,270**	**55,898,324**	**479,111,946**	**10.5**
Establishment, appointment, Discipline and Board Management.	Establishment, appointment, Discipline and Board Management.	10,322,996	919,568	9,403,428	8.9
Grand Total		**7,878,728,947**	**880,691,528**	**6,998,037,419**	**11.2**

Source: *Kericho County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Land policy and planning in the Department of Land, Housing & Physical Planning at 24.6 per cent, Legislative Services in the department of County Assembly at 23.1 per cent, Trade Development and Investment in the Department of Trade, Industrialization, Tourism, Wildlife & Cooperative Development at 21.76 per cent, Audit Services in the Department of Finance & Economic Planning at 21.24 per cent, and Policy, Strategy and Management of Agriculture at 21.13 per cent of budget allocation.

3.13.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 18 October 2022.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Education Bursary Fund, Mortgages Fund, Car loans for MCAs Fund and Car Loans/Mortgages for Staff Fund were not submitted to the Controller of Budget.
3. High level of pending bills which amounted to Kshs.515.05 million as of 30th September 2022. This is despite the availability of cash in the CRF which stood at Kshs.564.56 million as at the end of the First Quarter of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.86.27 million were processed through the manual payroll and accounted for 12.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.14 County Government of Kiambu

3.14.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.16.47 billion, comprising Kshs.4.88 billion (29.7 per cent) and Kshs.11.59 billion (70.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 5.9 per cent compared to the previous financial year when the approved budget was Kshs.17.51 billion and comprised of Kshs.4.87 billion towards development expenditure and Kshs.12.64 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.11.72 billion (71.1 per cent) as the equitable share of revenue raised nationally and generate Kshs.4.14 billion (25.1 per cent) from its own sources of revenue. The County expects to also receive Kshs.589.24 million (3.6 per cent) as conditional grants, which consists of Transforming Health Systems for Universal Care Project (WB) Kshs.11.43 million, National Agricultural and Rural Inclusive Growth Project (NAGRIP) Kshs.402.84 million, Kenya Devolution Support Project (KDSP) Level 2 Grant Kshs.73.73 million, DANIDA Grant Kshs.20.90 million, Sweden - Agricultural Sector Development Support Programme (ASDSP) II Kshs.30.34 million, and Kenya Informal Settlement Improvement Project (KISIP II) Kshs.50 million. The County also expects other revenue(s) from Médecins Sans Frontières-MSF BELGIUM of Kshs.26.40 million.

3.14.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.93 billion as the equitable share of the revenue raised nationally, and raised Kshs.527.23 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.46 billion, as shown in Table 3-57

Table 3-57: Kiambu County, Revenue Performance in the First Quarter of FY 2022/23

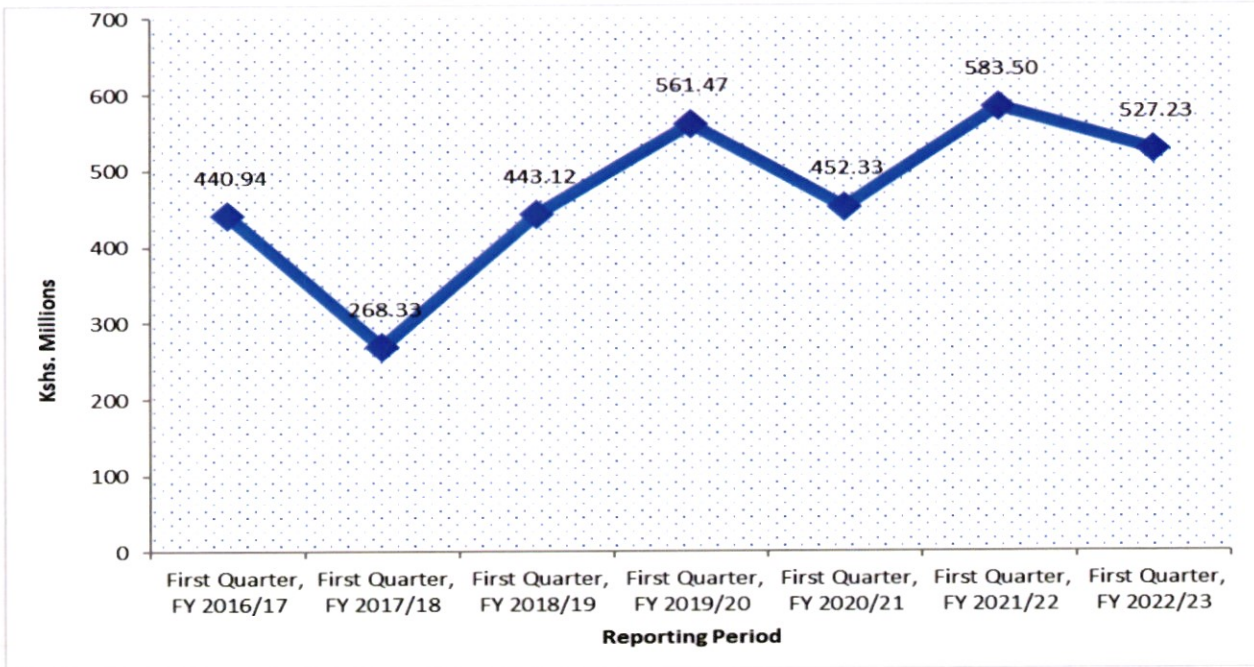
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	11,717,525,720	1,933,391,743	16.5
Sub Total		**11,717,525,720**	**1,933,391,743**	**16.5**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	4,136,821,507	527,229,350	12.7
2.	Transforming Health Systems for Universal Health Care	11,433,390	-	-
3.	World Bank-Nation Agriculture & Rural Growth Project	402,836,649	-	-
4.	Kenya Devolution Support Program- KDSP Level 2	73,731,600	-	-
5.	Danish International Development Agency-DANIDA	20,897,250	-	-
6.	Agriculture Sector Development Support Programme -ASDSP	30,340,365	-	-
7.	Kenya Informal Settlements Improvement Project-KISIP II-Housing	50,000,000	-	-
8.	Balance b/f from FY 2021/22	-	-	-
9.	Other Revenues – MSF Belgium	26,400,000	-	-
Sub Total		**4,752,460,761**	**527,229,350**	**11.1**
Grand Total		**16,469,986,481**	**2,460,621,093**	**14.9**

Source: Kiambu County Treasury

The County did not receive any conditional grants in the First Quarter of FY 2022/23.

Figure 3-36 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

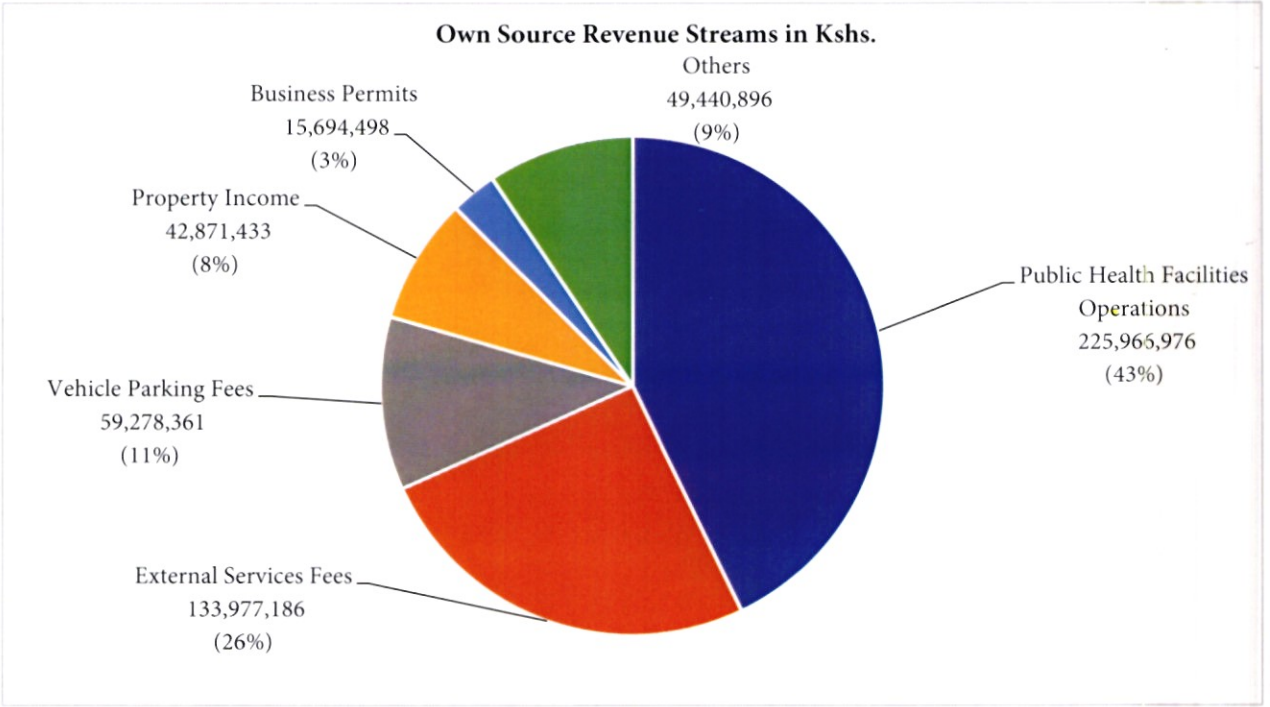
Figure: 3-36: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Kiambu County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.527.23 million as own-source revenue. This amount represented a decrease of 9.6 per cent compared to Kshs.583.50 million realised in a similar period in FY 2021/22 and was 12.7 per cent of the annual target and 27.3 per cent of the received equitable share. The OSR includes revenue arrears and penalties charged on the arrears from the previous financial year of Kshs.17.66 million. The top five revenue streams which contributed the highest OSR are shown in Figure 3-37.

Figure 3-37: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Kiambu County Treasury

The highest revenue stream was from Public Health Facilities Operations of Kshs.225.97 million, which contributed 43 to per cent of the OSR collected in the first quarter of FY 2022/23.

3.14.3 Exchequer Issues

The Controller of Budget approved Kshs.1.88 billion in withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.110.22 million (5.9 per cent) for development programmes and Kshs.1.77 billion (94.1 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised of Kshs.1.66 billion for employee compensation, Kshs.104.80 million for Operations and Maintenance and Kshs.110.23 million for development expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.399.53 million.

3.14.4 County Expenditure Review

The County spent Kshs.2.04 billion on development and recurrent programmes during the reporting period. This expenditure represented 108.7 per cent of the total funds released by the CoB and comprised Kshs.107.30 million and Kshs.1.93 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 2.2 per cent, while recurrent expenditure represented 16.7 per cent of the annual recurrent expenditure budget.

3.14.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.4.81 billion, which comprised Kshs.2.78 billion for recurrent expenditure and Kshs.2.03 billion for development activities. During the period under review, pending bills amounting to Kshs.1.06 million were settled, which were recurrent in nature.

3.14.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.66 billion on employee compensation, Kshs.276.14 million on operations and maintenance, and Kshs.107.30 million on development activities. However, the County Assembly did not report any expenditure on all the major economic classifications, as shown in Table 3-58.

Table 3-58: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**10,184,410,835**	**1,401,698,533**	**1,934,669,411**	-	**19.0**	-
Compensation to Employees	7,398,077,633	571,102,971	1,658,525,565	-	22.4	-
Operations and Maintenance	2,786,333,202	830,595,562	276,143,846	-	9.9	-
Development Expenditure	**4,783,877,113**	**100,000,000**	**107,296,662**	-	**2.2**	-
Total	**14,968,287,948**	**1,501,698,533**	**2,041,966,073**	-	**13.6**	-

Source: Kiambu County Treasury

3.14.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.1.66 billion was 67.4 per cent of the annual realised revenue of Kshs.2.46 billion and included Kshs.1 billion attributable to the health sector, which translated to 60.7 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.1.58 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.76.55 million. The manual payroll amounted to 4.6 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly did not report any expenditure on committee sitting allowances.

3.14.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.30 million to the Emergency Fund and Kshs.480.80 million to county-established funds in FY 2022/23, constituting 3.1 per cent of the County's overall budget for the year. Table 3-59 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-59: Performance of County Established Funds as of 30th September 2022

S/ No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)	Absorption (%)
		A	B	C	D	C/A*100
County Executive Established Funds						
1.	Kiambu Alcoholic Drinks Control Fund	31,300,000	-	5,249,424	Yes	16.8
2.	Kiambu County Education Bursary Fund	100,000,000	-	1,992,325	Yes	2.0
3.	Kiambu County Emergency Fund	30,000,000	-	-	Yes	-
4.	Kiambu County Executive Car Loan & Mortgage Scheme Fund	12,500,000	-	183,657	Yes	1.5
5.	Kiambu County Jiinue Fund	50,000,000	-	712,910	Yes	1.4
County Assembly Established Funds						
6.	Kiambu County Assembly Car loan & Mortgage Scheme Fund	237,000,000	-	4,200	Yes	-
7.	Kiambu County Assembly Staff Mortgage Scheme Fund	50,000,000	-	1,065	Yes	-
	Total	**510,800,000**	-	**8,143,581**		**1.6**

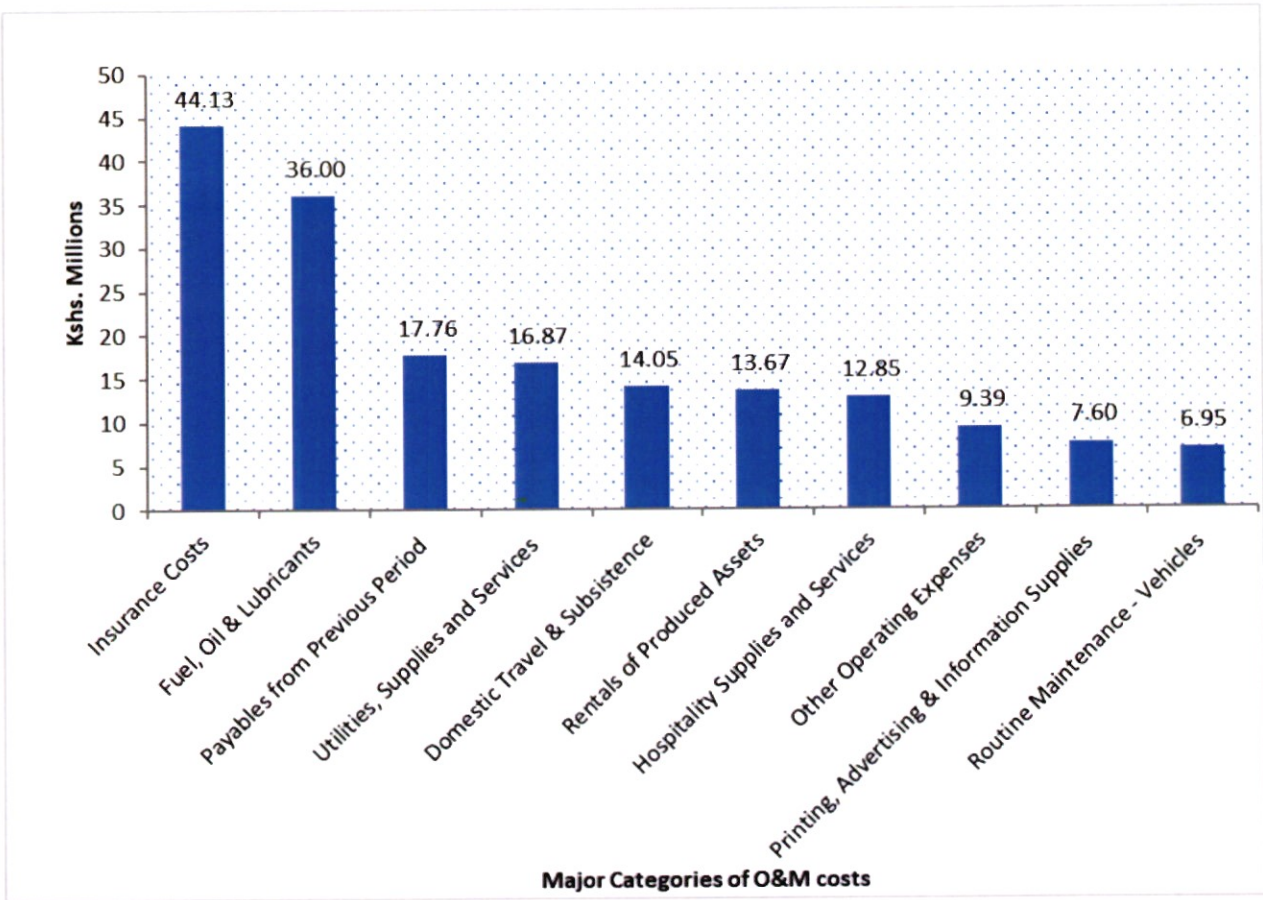
Source: *Kiambu County Treasury*

The County has established a total of seven (7) County Funds with an annual budget of Kshs.510.80 million. OCoB received the quarterly financial returns from Fund Administrators as indicated in Table 3-59, in line with Section 168 of the PFM Act, 2012.

3.14.9 Expenditure on Operations and Maintenance

Figure 3-38 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-38: Kiambu County, Operations and Maintenance Expenditure by Major Categories



Source: *Kiambu County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.14.05 million spent by the County Executive.

3.14.10 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.107.30 million on development programmes, representing an increase of 78.2 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.60.23 million. The development expenditure relates to the donor-funded activities/programmes by the World Bank-Nation Agriculture and Rural Growth Project with an approved allocation of Kshs.402.84 million.

3.14.11 Budget Performance by Department

Table 3-60 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-60: Kiambu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,401.70	100.00	-	-	-	-	-	-	-	-
County Executive	341.58	-	32.13	-	47.20	-	146.9	-	13.8	-
County Public Service Board	78.10	-	9.06	-	4.31	-	47.6	-	5.5	-
Finance, Economic Planning and ICT	1,412.25	203.86	228.41	-	276.74	-	121.2	-	19.6	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Administration and Public Service	835.99	31.00	116.41	-	122.25	-	105.0	-	14.6	-
Agriculture, Crop Production & Irrigation	463.16	887.78	82.13	110.22	87.18	107.30	106.1	97.4	18.8	12.1
Water, Environment and Natural Resources	341.52	310.58	65.70	-	47.76	-	72.7	-	14.0	-
Health Services	4,874.44	821.64	969.76	-	1,020.14	-	105.2	-	20.9	-
Education, Culture and Social Services	971.20	248.01	148.54	-	191.64	-	129.0	-	19.7	-
Youth and Sports	111.25	175.54	13.59	-	18.80	-	138.3	-	16.9	-
Lands, Physical Planning and Housing	214.66	280.0	30.09	-	17.01	-	56.5	-	7.9	-
Trade, Tourism, Industry and Co-operative	145.50	386.10	15.92	-	9.14	-	57.4	-	6.3	-
Roads, Transport and Public Works	394.76	1,439.37	56.86	-	92.50	-	162.7	-	23.4	-
TOTAL	**11,586.12**	**4,883.88**	**1,768.60**	**110.22**	**1,934.67**	**107.30**	**109.4**	**97.4**	**16.7**	**2.2**

Source: *Kiambu County Treasury*

Analysis of expenditure by departments shows that the Department of Agriculture, Crop Production and Irrigation recorded the highest absorption rate of development budget at 12.1 per cent, while all other departments did not report any expenditure on development activities. The Department of Roads, Transport and Public Works had the highest recurrent expenditure to the budget percentage at 23.4 per cent. The Department of County Public Service Board had the lowest at 5.5 per cent.

Further analysis shows expenditures to exchequer issues for several departments are above 100 per cent, as indicated by the financial statements using payments done at IFMIS level. Generally, a substantial number of transactions may appear as having been paid at IFMIS, but in practice, they are awaiting funding at the CBK Internet Banking (IB) level resulting in the variance.

The approved budget for the County Assembly shows an allocation of Kshs.1.40 billion for the recurrent budget compared to the County Revenue Allocation Act (CARA) 2022 set ceiling of Kshs.1.11 billion. This allocation includes Kshs.237 million for MCAs mortgage and car loans and an additional Kshs.50 million for Staff Mortgage.

3.14.12 Budget Execution by Programmes and Sub-Programmes

Table 3-61 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-61: Kiambu County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
County Assembly					
Legislation and Oversight services		780,400,000	-	780,400,000	-
	Legislation and Oversight services	780,400,000	-	780,400,000	-
Representation services		153,500,000	-	153,500,000	-
	Representation services	153,500,000	-	153,500,000	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
General Administration and support services		567,798,533	-	567,798,533	-
	General Administration and support services	567,798,533	-	567,798,533	-
	Sub-Total	**1,501,698,533**	-	**1,501,698,533**	-
County Executive					
General Administration and Support Services		282,967,488	47,195,226	235,772,262	16.7
	General Administration Planning and Support Services	282,967,488	47,195,226	235,772,262	16.7
Representation services		58,613,503	-	58,613,503	-
	Representation services	58,613,503	-	58,613,503	-
	Sub-Total	**341,580,991**	**47,195,226**	**294,385,765**	**13.8**
County Public Service Board					
Leadership and Admin of HR Management and Development in County Public Service		78,096,211	4,312,580	73,783,631	5.5
	Human Resource development and management services	78,096,211	4,312,580	73,783,631	5.5
	Sub-Total	**78,096,211**	**4,312,580**	**73,783,631**	**5.5**
Finance & Economic Planning & ICT					
Public Finance Management and Economic Policy and Strategy		1,616,116,344	276,738,084	1,339,378,260	17.1
	General Administration and support services	1,373,851,722	248,579,342	1,125,272,380	18.1
	financial management services	225,764,622	27,278,996	198,485,626	12.1
	Economic planning services	16,500,000	879,746	15,620,254	5.3
	Sub-Total	**1,616,116,344**	**276,738,084**	**1,339,378,260**	**17.1**
Administration & Public Service					
Admin & Co-ord of county affairs, HR Dev, Mngt, Capacity Building		19,121,529	1,346,200	17,775,329	7.0
	Human resource development and management	19,121,529	1,357,200	17,764,329	7.1
General Administration Planning and Support Services		847,866,814	120,908,209	726,958,605	14.3
	General Administration Planning and Support Services	847,866,814	120,908,209	726,958,605	14.3
	Sub-Total	**866,988,343**	**122,254,409**	**744,733,934**	**14.1**
Agriculture and Crop Production					
Crop, Livestock and Fisheries Development and Management		1,350,941,384	194,474,101	1,156,467,283	14.4

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
	General administration and support services	40,708,416	473,450	40,234,966	1.2
	Livestock resource management and development	517,454,081	86,703,989	430,750,092	16.8
	Fisheries Development	15,000,000	-	15,000,000	-
	Crop production and management	777,778,887	107,296,662	670,482,225	13.8
	Sub-Total	**1,350,941,384**	**194,474,101**	**1,156,467,283**	**14.4**
Water, Environment & Natural Resources					
Water Resources Mngt, Environment Protection and Conservation		310,580,000	-	310,580,000	-
	Environmental & Solid Waste management	94,580,000	-	94,580,000	-
	Water Resource Management and Sanitation	191,000,000	-	191,000,000	-
	Natural Resources Conservation and Management	15,000,000	-	15,000,000	-
	Renewable Energy and Climate Change	10,000,000	-	10,000,000	-
General Administration and Support Services		341,523,466	47,763,414	293,760,052	14.0
	General Administration & Support Services	341,523,466	47,763,414	293,760,052	14.0
	Sub-Total	**652,103,466**	**47,763,414**	**604,340,052**	**7.3**
Health Services					
Health curative services		603,006,904	-	603,006,904	-
	Health curative services	603,006,904	-	603,006,904	-
General Administration and Support Services		4,131,533,024	1,016,141,129	3,115,391,895	24.6
	General Administration and Support Services	4,131,533,024	1,016,141,129	3,115,391,895	24.6
Community Health Services		482,616,764	3,999,225	478,617,539	0.8
	Community Health Services	482,616,764	3,999,225	478,617,539	0.8
County Hospital Infrastructure		382,919,716	-	382,919,716	-
	County Hospital Infrastructure	382,919,716	-	382,919,716	-
County Pharmaceutical Services		96,000,000	-	96,000,000	-
	Pharmaceutical and Non-Pharmaceutical supplies	96,000,000	-	96,000,000	-
	Sub-Total	**5,696,076,408**	**1,020,140,354**	**4,675,936,054**	**17.9**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Education, Culture & Social Services					
Pre-primary education Promotion of Culture; ICT and Social Services		432,007,975	338,400	431,669,575	0.1
	Pre-primary education and youth polytechnics services	432,007,975	338,400	431,669,575	0.1
General Administration and Support Services		771,702,219	191,296,665	580,405,554	24.8
	General Administration and Support Services	771,702,219	191,296,665	580,405,554	24.8
Culture, Gender and Social services		15,500,000	-	15,500,000	-
	Culture, Gender and Social services	15,500,000	-	15,500,000	-
	Sub-Total	**1,219,210,194**	**191,635,065**	**1,027,575,129**	**15.7**
Youth & Sports					
Development and Management of Sports Facilities		161,245,280	18,797,518	142,447,762	11.7
	Development and Management of Sports Facilities	161,245,280	18,797,518	142,447,762	11.7
Youth Empowerment		50,000,000	-	50,000,000	-
	Youth Empowerment	50,000,000	-	50,000,000	-
Promotion and development of sports		75,538,853		75,538,853	-
	Promotion and development of sports	75,538,853	-	75,538,853	-
	Sub-Total	**286,784,133**	**18,797,518**	**267,986,615**	**6.6**
Lands, Physical Planning & Housing					
Land Management and Physical Planning; & Housing Development		482,707,046	16,672,197	466,034,849	3.5
	Land Management and Physical Planning	368,707,046	16,672,197	352,034,849	4.5
	Housing Development	114,000,000	-	114,000,000	-
Municipal Administration & Urban Development		11,952,608	335,630	11,616,978	2.8
	Municipal Administration and Urban Development	11,952,608	335,630	11,616,978	2.8
	Sub-Total	**494,659,654**	**17,007,827**	**477,651,827**	**3.4**
Trade, Tourism, Industry & Co-Operative					
Industrial, Investments, Tourism, Trade and Cooperative Development		531,600,912	9,143,781	522,457,131	1.7
	General Administration, Planning and Support Services	145,502,334	9,143,781	136,358,553	6.3

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
	Trade Administration, Development and Promotion	280,000,002	-	280,000,002	-
	Tourism promotion and marketing	25,000,000	-	25,000,000	-
	Co-operative Development and Management	41,000,000	-	41,000,000	-
	Industrialisation	5,098,576	-	5,098,576	-
	Enterprise development	35,000,000	-	35,000,000	-
	Sub-Total	**531,600,912**	**9,143,781**	**522,457,131**	**1.7**
Roads, Transport & Public Works					
Administration, planning & support Services		394,755,347	92,503,714	302,251,633	23.4
	General Administration and Support services	394,755,347	92,503,714	302,251,633	23.4
Road Transport		1,439,374,561	-	1,439,374,561	-
	Construction of Roads and Bridges	1,439,374,561	-	1,439,374,561	-
	Sub-Total	**1,834,129,908**	**92,503,714**	**1,741,626,194**	5.0
	Grand-Total	**16,469,986,481**	**2,041,966,073**	**14,428,020,408**	**12.4**

Source: *Kiambu County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: General Administration and Support services in the Department of Education at 24.8 per cent, General Administration and Support services in the Department of Health Services at 24.6 per cent, General Administration and Support services in the Department of Roads, Transport and Public Works at 23.4 per cent of budget allocation.

3.14.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.527.23 million against an annual projection of Kshs.4.14 billion, representing 12.7 per cent of the annual target.
2. High level of pending bills which amounted to Kshs.4.81 billion as of 30th September 2022. This is despite the availability of cash in the CRF, which stood at Kshs.399.53 million at the end of the First Quarter of FY 2022/23.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.76.55 million were processed through the manual payroll and accounted for 4.8 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. Low absorption of development funds as indicated by the expenditure of Kshs.107.30 million in the First Quarter FY 2022/23 from the annual development budget allocation of Kshs.4.88 billion. The development expenditure represented 2.2 per cent of the annual development budget.
5. The County budget does not comply with the 30 per cent development budget threshold as provided for in Section. 107 (2) (b) of the PFM Act, 2012. A review of the approved estimates indicates a recurrent allocation of Kshs.11.59 billion translates to 70.3 per cent of the total budget, whereas the development allocation is 29.7 per cent (Kshs.4.88 billion).

The County should implement the following recommendations to improve budget execution;

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*

2. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
4. *The County should identify and address issues causing delays in implementing development projects.*
5. *The County is advised to ensure compliance with the legal provisions of Section. 107 (2) (b) of the PFM Act, 2012.*

3.15 County Government of Kilifi

3.15.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.15.83 billion, comprising Kshs.6.72 billion (42.5 per cent) and Kshs.9.10 billion (57.5 per cent) allocation for development and recurrent programmes respectively. The approved budget estimate represents a marginal decrease compared to the previous financial year when the approved 3rd Supplementary budget was Kshs.15.92 billion and comprised of Kshs.5.97 billion (37.4 per cent) towards development expenditure and Kshs.9.98 billion (62.6 per cent) for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.11.64 billion (73.5 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.47 billion (9.3 per cent) from own source of revenue. The County also expects to receive Kshs.2.72 billion (17.2 per cent) as conditional grants, which consist of the Leasing of Medical Equipment Kshs.110.64 million, National Agricultural and Rural Inclusive Growth Project (NARIGP) Kshs.217.56 million, DANIDA Grant (Universal Healthcare in Devolved System Programme) Kshs.22.01 million, Water & Sanitation Development Programme (WSDP) Kshs.2 billion, World Bank Credit to Finance Locally-Led Climate Action Program Kshs.125 million, Kenya Devolution Support Programme (KDSP) Level II Grant Kshs.37.04 million, Agricultural Sector Development Support Programme (ASDSP) II Kshs.9.90 million and Kenya Informal Settlement and Improvement Project (KISIP)Kshs.200 million.

3.15.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.92 billion as the equitable share of the revenue raised nationally, raised Kshs.85.64 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2 billion, as shown in Table 3-62.

Table 3-62: Kilifi County, Revenue Performance in the First Quarter of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,641,592,941	1,920,862,836	16.5
Sub Total		**11,641,592,941**	**1,920,862,836**	**16.5**
B	**Conditional Grants**			
1	Leasing of Medical Equipment	110,638,298	-	-
2	National Agricultural and Rural Inclusive Growth Project (NARIGP)	217,565,743	-	-
3	DANIDA Grant (Universal Healthcare in Devolved System Programme)	22,011,000	-	-
4	Water & Sanitation Development Programme (WSDP)	2,000,000,000	-	-
5	World Bank Credit to Finance Locally-Led Climate Action Program	125,000,000	-	-

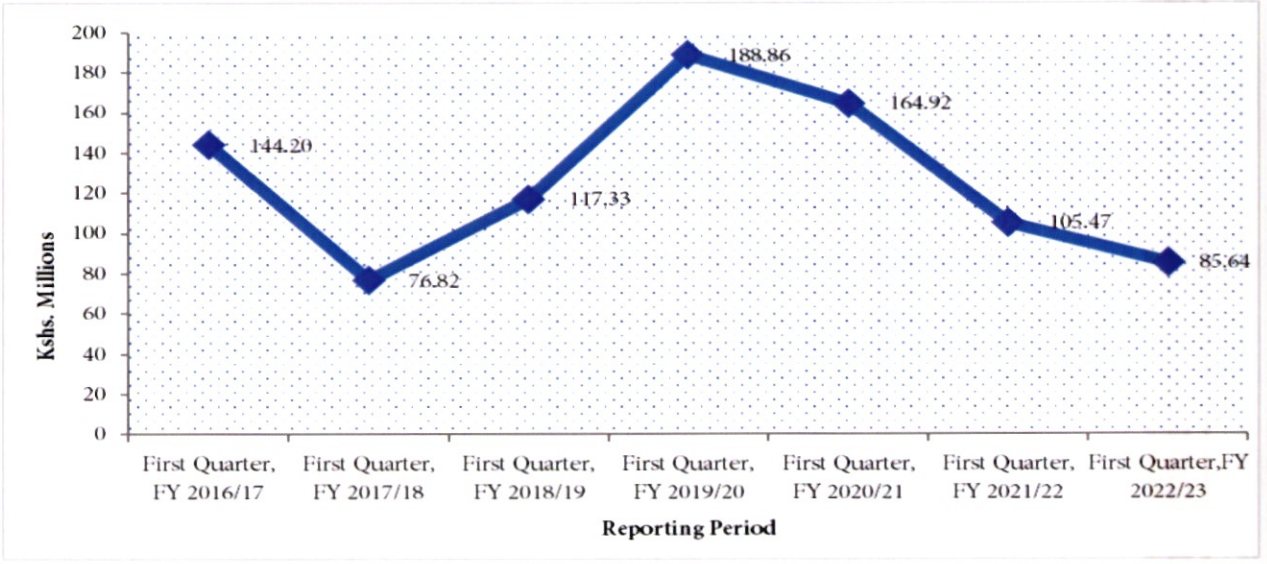
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
6	Kenya Devolution Support Programme (KDSP) Level II Grant	37,044,750	-	-
7	Agricultural Sector Development Support Programme (ASDSP) II	9,901,671	-	-
8	Kenya Informal Settlement and Improvement Project (KISIP)	200,000,000	-	-
	Sub-Total	**2,722,161,462**	**0**	**0**
C	**Other Sources of Revenue**			
1	Own Source Revenue	1,467,500,000	85,644,197	5.8
Sub Total		1,467,500,000	85,644,197	5.8
Grand Total		**15,831,254,403**	**2,006,507,033**	**12.7**

Source: Kilifi County Treasury

The conditional grants were not released in the First Quarter of FY 2022/23.

Figure 3-39 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

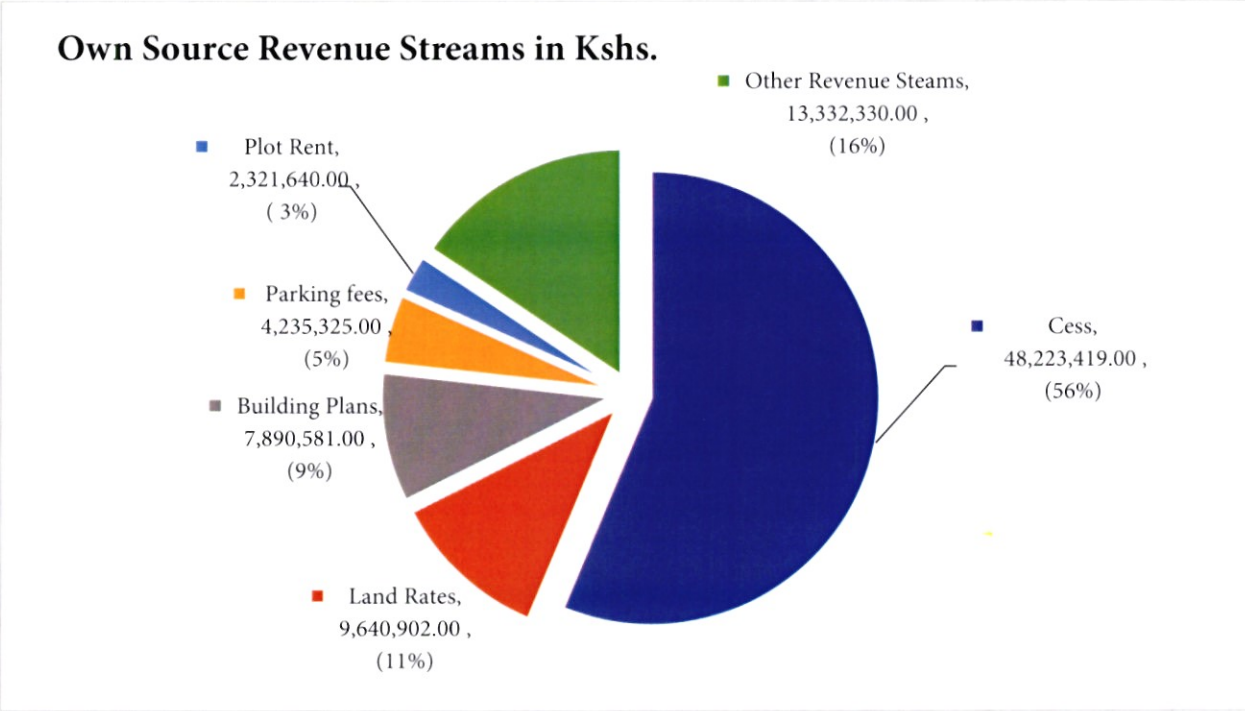
Figure 3-39: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Kilifi County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.85.64 million as own-source revenue. This amount represented a decrease of 18.8 per cent compared to Kshs.105.47 million realised in a similar period in FY 2021/22 and was 5.8 per cent of the annual target and 8.1 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-40.

Figure 3-40: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Kilifi County Treasury

The highest revenue stream was from cess fee of Kshs.48.22 million, which contributed to 56 per cent of the OSR collected in the first quarter of FY 2022/23.

3.15.3 Exchequer Issues

The Controller of Budget approved Kshs.999.31 million in withdrawals from the CRF account during the reporting period which was entirely for recurrent expenditure. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.773.66 million for compensation to employees and Kshs.225.66 million for Operations and Maintenance expenditures.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.1.05 billion.

3.15.4 County Expenditure Review

The County spent Kshs.1.27 billion on recurrent programmes during the reporting period and represented 127.7 per cent of the total funds released by the CoB, and points at possible use of owns revenue at source. The expenditure represented 14 per cent of the annual recurrent expenditure budget.

3.15.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.3.12 billion which comprised of Kshs.1.74 billion for recurrent expenditure and Kshs.1.37 billion for development activities. During the period under review, pending bills amounting to Kshs.120.33 million were settled which were entirely for recurrent expenditure. The outstanding pending bills as of 30th September 2022 were therefore Kshs.3.0 billion.

3.15.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.966.01 billion on employee compensation and Kshs.172.77 million on operations and maintenance. Similarly, the County Assembly spent Kshs.96.72 million on employee compensation and Kshs.40.58 million on operations and maintenance, as shown in Table 3-63.

Table 3-63: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**8,209,896,525**	**900,000,000**	**1,138,785,660**	**137,301,602**	**13.9**	**15.3**
Compensation to Employees	4,564,864,498	482,982,847	966,016,225	96,719,052	21.2	20.0
Operations and Maintenance	3,645,032,027	417,017,153	172,769,435	40,582,550	4.7	9.7
Development Expenditure	6,571,357,878	150,000,000	-	-	-	-
Total	**14,781,254,403**	**1,050,000,000**	**1,138,785,660**	**137,301,602**	7.7	**13.1**

Source: Kilifi County Treasury

3.15.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.1.06 billion was 53 per cent of the realised revenue of Kshs.2 billion and included Kshs.550 million attributable to the health sector, which translated to 51.8 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.727.21 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.42.62 million. The manual payroll amounted to 4 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly did not report any expenditure on committee sitting allowances for the 56 MCAs and the Speaker against the annual budget allocation of Kshs.31.95 million.

3.15.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.230 million to the Emergency Fund and Kshs.588.9 million to county-established funds in FY 2022/23, which constituted 5.2 per cent of the County's overall budget for the year. Table 3-64 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-64: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Scholarship Fund	350,000,000			No.
2.	Loans to Executive staff	8,000,000			No.
3.	Housing loans to public servants	9,000,000			No.
4.	Mbegu Fund	116,000,000			No.
5.	Emergency Fund	230,000,000			Yes
County Assembly Established Funds					
6.	Loans to County Assembly staff	105,900,000			No.
	Total	**818,900,000**			

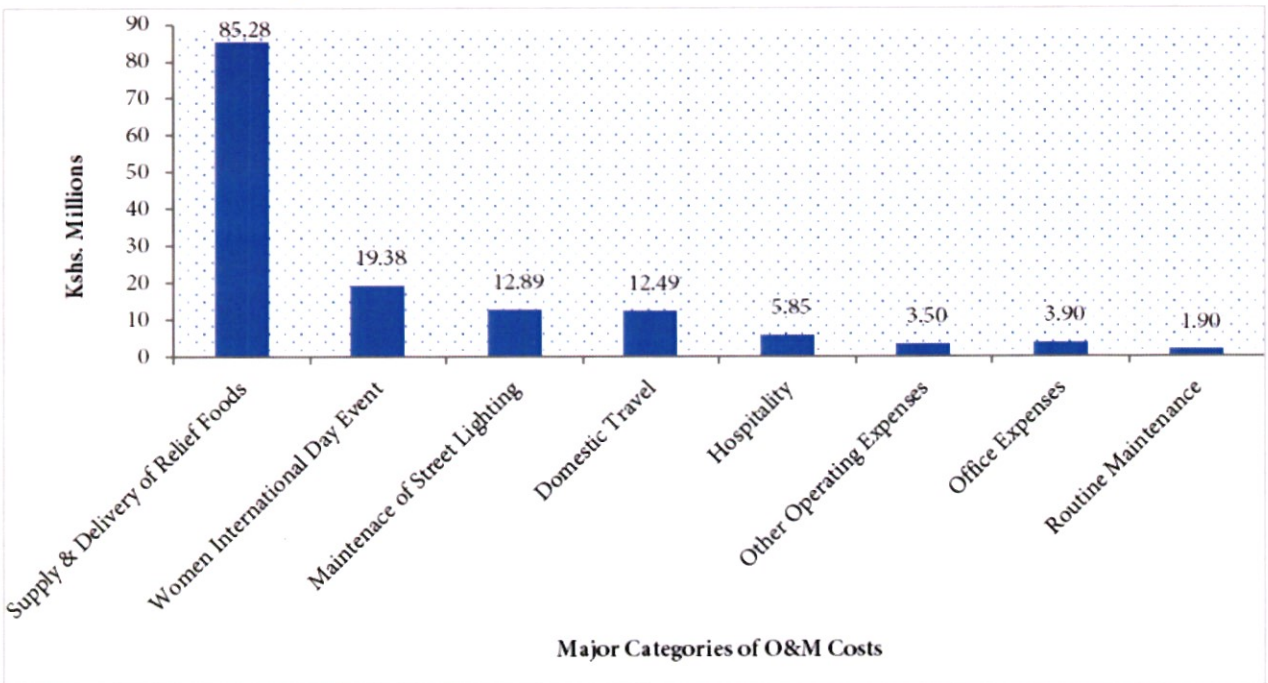
Source: *Kilifi County Treasury*

The OCoB did not receive quarterly financial returns from Fund Administrators of 5 funds as indicated in Table 3-64. This is against the requirement of Section 168 of the PFM Act, 2012.

3.15.9 Expenditure on Operations and Maintenance

Figure 3-41 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-41: Kilifi County, Operations and Maintenance Expenditure by Major Categories



Source: *Kilifi County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.12.49 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.2.5 million by the County Assembly. The "other operating expenses" of Kshs.3.50 million was towards payment for Security provision, Contracted guard and membership & Subscriptions.

3.15.10 Development Expenditure

The County did not report any expenditure on development programmes in the First Quarter of FY 2022/23.

3.15.11 Budget Performance by Department

Table 3-65 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-65: Kilifi County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	900	150	140	-	137	-	98.1	0	15.3	0
Office of the Governor	165		7	-	2	-	24.4	0	1.1	0
County Attorney	121	35	-	-	-	-	0	0	0	0
Finance	291	26	1	-	-	-	0	0	0	0
Economic Planning	88		-				0	0	0	0
Agriculture	78	433	-				0	0	0	0
Livestock	27	40	-				0	0	0	0
Fisheries	24	123	-				0	0	0	0
Water and Sanitation	65	2,637	-				0	0	0	0
Environment & Natural Resources	57	157	-	-	-	-	0	0	0.0	0
Education (Sports & Youth Affairs)	422	446	-	-	-	-	0	0	0.0	0
ICT	25		-	-	-	-	0	0	0.0	0
Medical Services	1,147	638	-	-	-	-	0	0	0.0	0
Public Health	99	92	7	-	-	-	0	0	0.0	0
Roads & Public Works	238	907	-	-	-	-	0	0	0.0	0
Lands and energy	381	440	63	-	13	-	20.6	0	3.4	0
Physical Planning & Urban Development	38	146	-	-	-	-	0	0	0.0	0
Gender, Culture & Social Services	63	203	19	-	-	-	0.0.0	0	0.0	0
Trade and Tourism	38	226	-	-	-	-	0	0	0.0	0
Cooperatives Development	32		-	-	-		0	0	0	0
Public Service Board	64		-	-		-	0	0	0.0	0
Devolution & Disaster Service	122	23	85	-	89	-	104.7	0	73.0	0
Public Service Management	4,624		677	-	1,035	-	152.9	0	22.4	0
Total	**9,109**	**6,722**	**999**	**-**	**1,276**	**-**	127.7	**0**	14.0	**0**

Source: *Kilifi County Treasury*

Analysis of expenditure by department shows that the Department of Devolution & Disaster Service had the highest percentage of recurrent expenditure to budget at 73.2 per cent, followed by the County Assembly at 15.3 per cent. The County departments did not report any expenditure on development activities while only 5 departments had actual expenditure on recurrent activities.

3.15.12 Budget Execution by Programmes and Sub-Programmes

Table 3-66 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-66: Kilifi County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
County Assembly	Legislation	397,707,096	137,301,602		35
	Oversight	27,050,000			0
	Administration	475,242,904			0
	Development	150,000,000			0
	Sub Totals	**1,050,000,000**	**137,301,602**	-	13
Office of the Governor	Intergovernmental relations	138,570,685	-	138,570,685	0
	Administration, planning and support services	26,300,000	1,787,500	32,855,170	7
	Sub Totals	**164,870,685**	**1,787,500**	**171,425,855**	1
County Attorney	Administration Planning and Support Services	121,432,340			0
	Development	35,000,000			0
	Sub Totals	**156,432,340**	-	-	0
Finance	Administration, Planning and Support Services	196,500,000			0
	Financial Management	20,712,337			0
	Audit Services	11,100,000			0
	Accounting Services	19,847,401			0
	Supply Chain Management Services	17,100,000			0
	Resource Mobilisation/Debt Management	25,565,000			0
	Development	25,781,690			0
	Sub Totals	**316,606,428**	-	-	0
Economic Planning	Administration	10,500,000			0
	Economic Planning	48,250,000			
	Monitoring & Evaluation	29,706,784			0
	Sub Totals	**88,456,784**	-	-	0

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Agriculture	General Administration, Planning and Support Services	21,431,200			0
	Crop Production and Management	21,404,866			0
	Agribusiness and Information Management	30,872,960			0
	Irrigation and Drainage Infrastructure	3,813,624			0
	Sustainable soil and Water management	433,114,044			0
	Sub Totals	**510,636,694**	-	-	0
Livestock	Administration, Planning and Support services	27,290,735			0
	Livestock Policy and Capacity Development	7,000,000			0
	Livestock Value Addition and Marketing	18,000,000			0
	Food Safety and Animal Products Development	11,284,184			0
	Livestock Disease Management and Control	4,000,000			0
	Sub Totals	**67,574,919**	-	-	0
Fishers	Administration	24,484,854			0
	Fisheries Production	20,358,869			0
	Sustainable Fisheries Production and Development	102,500,000			0
	Sub Totals	**147,343,723**	-	-	0
Water	General Administration, Planning and Support Services	64,956,854			0
	Water Supply Infrastructure	2,637,310,195			0
	Sub Totals	**2,702,267,049**	-	-	0
Enviroment	County Environment Management	57,428,675			0
	Development	156,598,295			0
	Sub Totals	**214,026,970**	-	-	0
Education	General administration, planning and support services	414,550,000			0
	Early Childhood development education	3,900,000			0
	Vocational Training	3,315,287			0
	Education and training	445,764,202			0
	Sub Totals	**867,529,489**	-	-	0
ICT	Information Communication Technology	25,456,672			0
	Sub Totals	**25,456,672**	-	-	0

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Health	Curative and Rehabilitative Services	696,370,000			0
	General Administration	450,199,826			0
	Reproductive Maternal Neonatal Child Adolescent Health	637,599,129			0
	Sub Totals	**1,784,168,955**	-	-	0
Public Health	Communicable Disease Control	191,205,527			0
	Sub Totals	**191,205,527**	-	-	0
Roads & Public Works	General administration, planning and support services	237,765,413			0
	Road Transport	906,700,000			0
	Sub Totals	**1,144,465,413**	-	-	0
Lands	General Administration	381,256,170	12,936,660		3
	Development	439,500,000			0
	Sub Totals	**820,756,170**	**12,936,660**	-	2
Physical Planning & Urban Development	General Administration	38,364,415			0
	Development	146,000,000			0
	Sub Totals	**184,364,415**	-	-	0
Gender, Culture & Social Services	General Administration	63,456,828			0
	Development	203,106,498			0
	Sub Totals	**266,563,326**	-	-	0
Trade And Tourism	General Administration	37,528,785			0
	Development	226,470,419			0
	Co-operatives	32,200,567			0
	Sub Totals	**296,199,771**	-	-	0
Public Service Board	General Administration	63,698,442			0
	Sub Totals	**63,698,442**	-	-	0
Devolution & Disaster Service	General Administration	121,594,131	88,979,053		73
	Development	22,876,265			0
	Sub Totals	**144,470,396**	**88,979,053**	-	62
Public Service management	General Administration	4,624,160,235	1,035,082,447		22
	Sub Totals	**4,624,160,235**	**1,035,082,447**	-	22
Grand Total		**15,831,254,403**	**1,276,087,262**	**171,425,855**	**8.1**

Source: *Kilifi County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: General Administration in the Department of Devolution & Disaster Services at 73 per cent, Legislative in the Department of County Assembly at 35 per cent, General Administration in the Department of Public Services at 22 per cent

3.15.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.85.64 million against an annual projection of Kshs.1.47 billion, representing 5.8 per cent of the annual target.
2. Failure by County Departments to implement their budgets during the period. Only 5 departments had actual expenditures in the First Quarter of the financial year compared to the established 23 departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Mbegu Fund, Education Fund and Car & Mortgage Fund were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.3.0 billion as of 30th September 2022. This is despite the availability of cash in the CRF which stood at Kshs. 1.05 billion as of the end of the First Quarter of FY 2022/23.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.42.62 million were processed through the manual payroll and accounted for 4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

The County should implement the following recommendations to improve budget execution;

1. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
2. *The County leadership should be concerned when a department does not implement its budget as it affects service delivery to the public. This is despite the availability of funds in the CRF during the period.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.16 County Government of Kirinyaga

3.16.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.6.55 billion, comprising Kshs.1.90 billion (29.0 per cent) and Kshs.4.65 billion (71.0 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 17.6 per cent compared to the previous financial year when the approved budget was Kshs.7.71 billion and comprised of Kshs.3.17 billion towards development expenditure and Kshs.4.53 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.20 billion (79.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.500 million (7.6 per cent) from its own sources of revenue, and a cash balance of Kshs.855.31 million (13.1 per cent) from FY 2021/22. The County did not budget for any conditional grants for FY 2022/23. The cash balance from the previous financial year of Kshs.855.31 million comprises Kshs.344.61 million from IDA- (World Bank) Credit National Agricultural and Rural Inclusive Growth Project (NARIGP) FY 2021/22, Kshs.199.75 million from IDA- (World Bank) Credit National Agricultural and Rural Inclusive Growth Project (NARIGP) FY 2020 /21, Kshs.164.10 million from IDA- (World Bank) Credit National Agricultural and Rural Inclusive Growth Project (NARIGP) FY 2019 /20 and Kshs.146.85 million as Rolled over Funds.

3.16.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.857.37 million as the equitable share of the revenue raised nationally, raised Kshs.58.73 million as own-source revenue, and had a cash balance of Kshs.415.69 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.33 billion, as shown inTable 3-67.

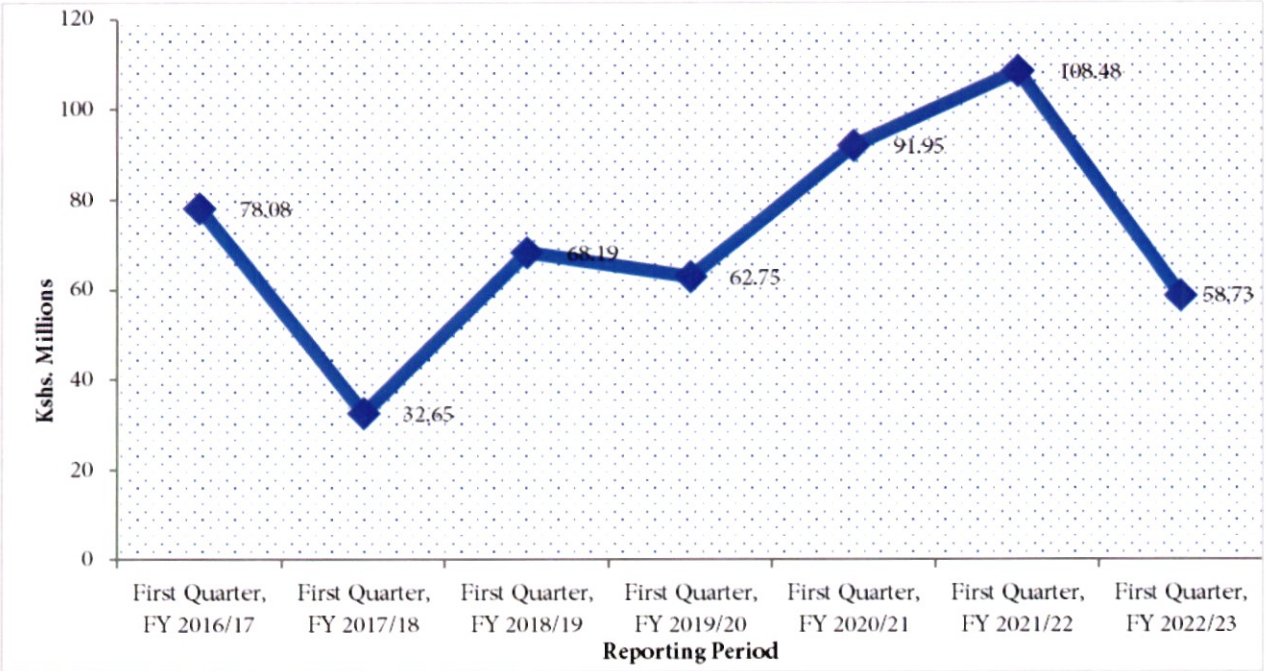
Table 3-67: Kirinyaga County, Revenue Performance in the First Quarter of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,196,177,952	857,369,362	16.5
Sub Total		**5,196,177,952**	**857,369,3620**	**16.5**
B	**Other Sources of Revenue**			
1	Own Source Revenue	500,000,000	58,734,841	11.7
2	Balance B/F from FY2021/22	855,306,819	415,694,236	48.6
Sub Total		**1,355,306,819**	**474,429,077**	**35.0**
Grand Total		**6,551,484,771**	**1,331,798,439**	**20.3**

Source: Kirinyaga County Treasury

Figure 3-42 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

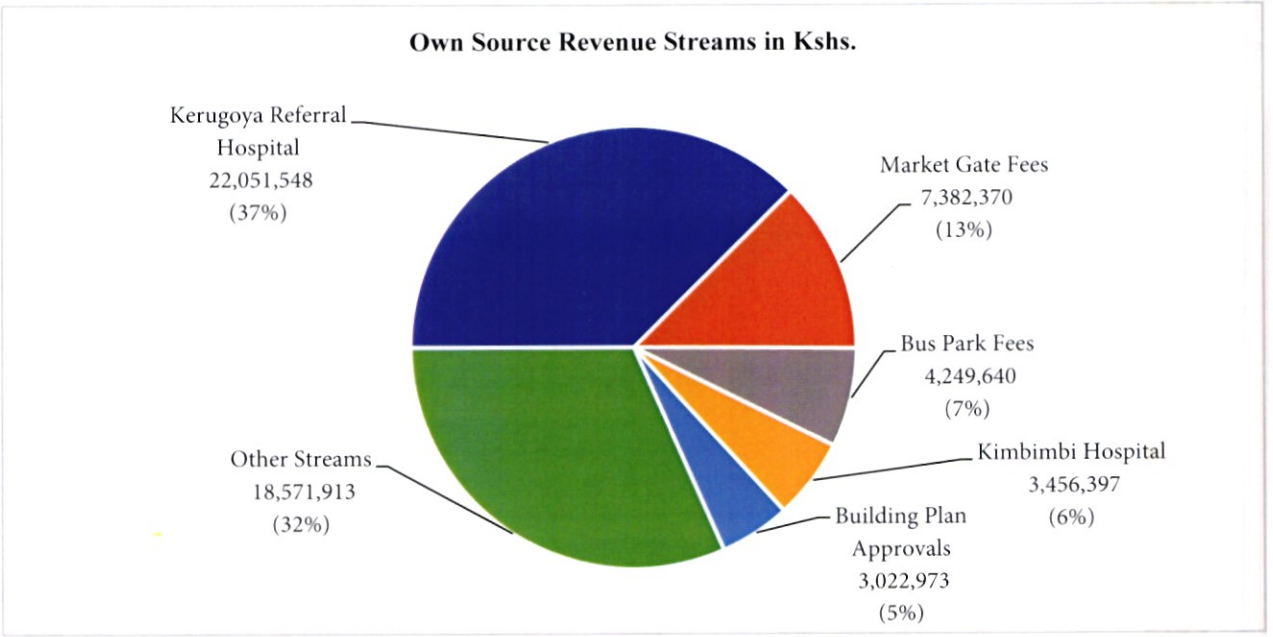
Figure 3-42: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Kirinyaga County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.58.73 million as own-source revenue. This amount represented a decrease of 84.7 per cent compared to Kshs.108.48 million realised in a similar period in FY 2021/22 and was 11.7 per cent of the annual target and 4.4 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-43.

Figure 3-43: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Kirinyaga County Treasury

The highest revenue stream was from Kerugoya Refferal Hospital of Kshs.22.1 million, which contributed to 37 per cent of the OSR collected in the first quarter of FY 2022/23.

3.16.3 Exchequer Issues

The Controller of Budget approved Kshs.919.27 million in withdrawals from the CRF account during the reporting period. The amount comprised Kshs.149.51 million (16.3 per cent) for development programmes and Kshs.769.76 million (83.7 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.645.67 million for compensation to employees, Kshs.124.09 million for Operations and Maintenance expenditure and Kshs.149.51 million for development expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.651.07 million.

3.16.4 County Expenditure Review

The County spent Kshs.894.94 million on development and recurrent programmes during the reporting period. This expenditure represented 97.4 per cent of the total funds released by the CoB and comprised Kshs.149.51 million and Kshs.745.44 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 7.9 per cent, while recurrent expenditure budget represented 16.0 per cent of the annual recurrent expenditure budget.

3.16.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County reported the stock of pending bills of Kshs.801.13 million, which comprised Kshs.441.41 million for recurrent expenditure and Kshs.359.72 million for development activities. During the period under review, pending bills amounting to Kshs.20.70 million were settled for development programmes. Therefore, as of 30th September 2022, the outstanding pending bills stood at Kshs.780.43 million.

3.16.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.596.37 million on employee compensation, Kshs.88.20 million on operations and maintenance, and Kshs.149.51 million on

development activities. Similarly, the County Assembly spent Kshs.49.30 million on employee compensation, Kshs.11.56 million on operations and maintenance, and had no expenditure on development activities, as shown in Table 3-68.

Table 3-68: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,070,055,448**	**580,207,279**	**684,571,159**	**60,866,127**	**16.8**	**10.5**
Compensation to Employees	2,650,692,814	338,675,652	596,367,595	49,302,173	22.5	14.6
Operations and Maintenance	1,419,362,634	241,531,627	88,203,562	11,563,953	6.2	4.8
Development Expenditure	**1,754,376,461**	**146,845,583**	**149,507,043**	-	**8.5**	**0.0**
Total	**5,824,431,909**	**727,052,862**	**834,078,202**	**60,866,127**	**14.3**	**8.4**

Source: Kirinyaga County Treasury

3.16.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.645.67 million was 48.48 per cent of the annual realised revenue of Kshs.1.33 billion and included Kshs.357.56 million attributable to the health sector, which translated to 55.4 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.595.34 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.50.33 million. The manual payroll amounted to 7.8 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly did not report expenditures on committee sitting allowances for the 34 MCAs and the Speaker against the annual budget allocation of Kshs.58.59 million.

3.16.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.134.3 million to county-established funds in FY2022/23, which constituted 2.0 per cent of the County's overall budget for the year. Table 3-69 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-69: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)	Absorption (%)
		A	B	C	D	C/A*100
County Executive Established Funds						
1.	Executive Car Loan and Mortgage Fund	31,300,000	-	18,016,714	Yes	57.6

2.	County Emergency Fund	8,000,000	-	-	Yes	0.0
3.	County Bursary Fund	95,000,000	-	8,134,314	Yes	8.6
County Assembly Established Funds						
4.	County Assembly Car Loan and Mortgage Fund	-	-	24,470,409	Yes	0.0
Total		**134,300,000**	-	**50,621,438**		

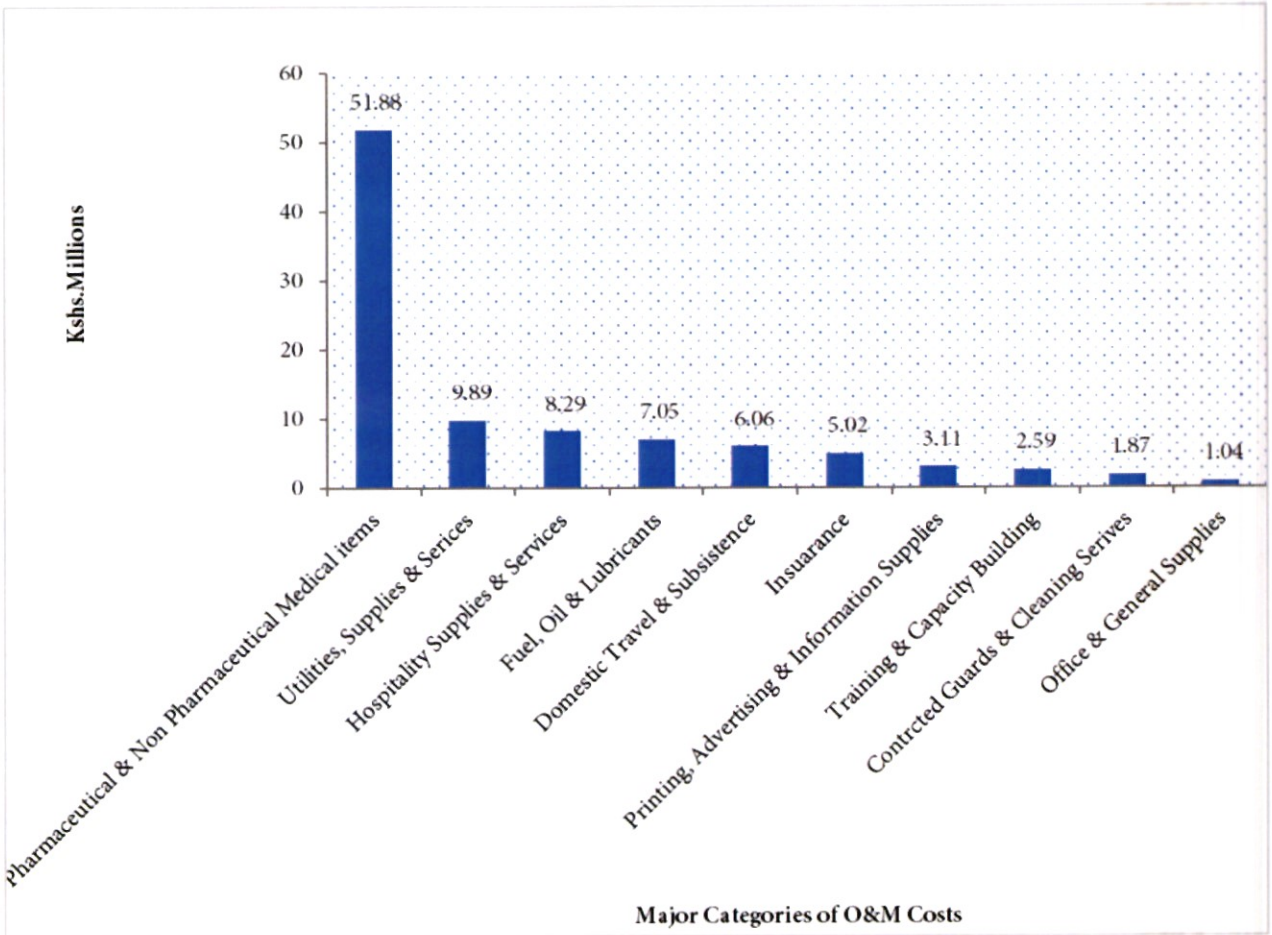
Source: *Kirinyaga County Treasury*

The County has established a total of 4 County Funds with an annual budget of Kshs.134.30 million. The OCoB received quarterly financial returns from Fund Administrators of the funds as indicated inTable 3-69.

3.16.9 Expenditure on Operations and Maintenance

Figure 3-44 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-44: Kirinyaga County, Operations and Maintenance Expenditure by Major Categories



Source: *Kirinyaga County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.6.06 million and comprised of Kshs.1.65 million spent by the County Assembly and Kshs.4.41 million by the County Executive.

3.16.10 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.149.51 million on development programmes, representing an increase of 16.5 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.124.81 million. Table 3-70 summarises development projects with the highest expenditure in the reporting period.

Table 3-70: Kirinyaga County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum	Budget	Amount paid to date (Kshs)	Implementation status (%)
1	Transport and Infrastructure	Improvement of njagi-gachini-mukui-kenya assemblies of God-kondo-true vine gospel church-karia gatome-maendeleo councillor gachoki-kerugoya boys' road	Kerugoya Ward	18,359,088		18,359,088	100
2	Transport and Infrastructure	Improvement of Kimandi Area kwa Miraro-munanda-ngunyi-njagi roads	Baragwi Ward	13,664,575	127,349,086	13,391,176	98
3	Transport and Infrastructure	Improvement of Riakare-gi-macere-nduru-githungu-ri-kabumbu-gakarara-kwa mugambi-mbabya and mukithi road	Nyangati ward	16,834,523		16,832,203	100
4	Transport and Infrastructure	Improvement for Kirigo Starwood Kibingo Githioro Kiarithi Road	Kerugoya Ward	16,690,428		16,528,373	99
5	Agriculture, Livestock and Fisheries	IDA- (World Bank) Credit National Agricultural and Rural Inclusive Growth Project (NARIGP) 2021/22 FY	County Wide	-	344,612,512	27,156,162	ongoing
6	Medical Services and Public Health	Upgrading of Kianyaga level 4 Hospital	Baragwi Ward	288,561,930	148,864,903	54,227,780	19
7	Medical Services and Public Health	Upgrading of Kimbimbi level 4 Hospital	Nyangati ward	288,561,930	148,867,903	50,084,981	17
9	County Executive	Construction of the County Official functions & event facility (including the development of VIP and Public parking spaces, VIP and public washrooms & Catering Kitchen	Kabare Ward	30,000,000	30,000,000	7,500,000	25

Source: *Kirinyaga County Treasury*

3.16.11 Budget Performance by Department

Table 3-71summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-71: Kirinyaga County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Fisheries	220.08	778.46	39.92	27.16	39.92	27.16	100.0	100.0	18.1	3.5
Cooperative Development Trade and Tourism	42.84	5.67	8.29	-	8.29	-	100.0	0.0	19.3	0.0
County Assembly	580.21	146.85	85.19	-	60.87	-	71.4	0.0	10.5	0.0
County Executive	517.81	205.39	61.80	28.20	61.80	28.20	100.0	100.0	11.9	13.7
Education	375.03	4.00	35.52	-	35.52	-	100.0	0.0	9.5	0.0
Environment and Natural Resources	108.49	35.20	22.21	-	22.21	-	100.0	0.0	20.5	0.0
Finance and Economic Planning	561.75	15.00	49.63	-	49.63	-	100.0	0.0	8.8	0.0
Gender and Youth	46.17	37.33	7.59	-	7.59	-	100.0	0.0	16.4	0.0
Medical Services and Public Health	2,064.20	344.34	416.25	46.66	416.25	46.66	100.0	100.0	20.2	13.6
Physical Planning and Housing	33.97	18.33	10.43	-	10.43	-	100.0	0.0	30.7	0.0
Sports Culture and Social Services	22.71	2.47	3.70	-	3.70	-	100.0	0.0	16.3	0.0
Transport and Infrastructure	77.02	308.18	29.23	47.49	29.23	47.49	100.0	100.0	38.0	15.4
TOTAL	**4,650.26**	**1,901.22**	**769.76**	**149.51**	**745.44**	**149.51**	**96.8**	**100.0**	**16.0**	**7.9**

Source: Kirinyaga County Treasury

Analysis of expenditure by department shows that the Department of Transport and Infrastructure recorded the highest absorption rate of development budget at 15.4 per cent, followed by the County Executive Department at 13.7 per cent. The Department of Transport and Infrastructure had the highest percentage of recurrent expenditure to budget at 38.0 per cent, while the Department of Finance and Economic Planning had the lowest at 8.8 per cent. The County Assembly and Executive's Recurrent Estimates are within the ceilings set out in the CARA, 2022.

3.16.12 Budget Execution by Programmes and Sub-Programmes

Table 3-72 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-72: Kirinyaga County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub- Programme	Approved Estimates (Kshs)		Actual Payments (Kshs)		Absorption Rate (%)	
		Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Legislation and Oversight	Legislation and Oversight	580,207,279	146,845,583	60,866,127	-	10.5	0.0
Sub Total		**580,207,279**	**146,845,583**	**60,866,127**	-	**10.5**	**0.0**
Office of the Governor and Deputy Governor	County Executive Services	335,418,284	-	54,791,733	-	16.3	0.0

Programme	Sub- Programme	Approved Estimates (Kshs)		Actual Payments (Kshs)		Absorption Rate (%)	
		Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Executive Administration	County Executive Services	-	205,393,333		28,200,745	0.0	13.7
Management of County Affairs	Coordination of County Functions	136,652,000	-	6,496,172	-	4.8	0.0
County Executive Committee Affairs	Organisation of County Business	6,200,000	-	112,000	-	1.8	0.0
County Public Service Board	Human Resource Management	14,906,040	-	159,000	-	1.1	0.0
Administrative Support Services	ICT Governance	3,480,000	-	44,800	-	1.3	0.0
	Government Buildings Services	2,567,000	-	-	-	0.0	0.0
	Audit Committee	1,919,000	-	-	-	0.0	0.0
	County Enforcement Activities	4,185,000	-	-	-	0.0	0.0
	ICT Infrastructure Development Management	10,958,800	-	195,500	-	1.8	0.0
	ICT Systems Development Management	1,522,000	-	-	-	0.0	0.0
Sub Total		**517,808,124**	**205,393,333**	**61,799,205**	**28,200,745**	**11.9**	**13.7**
Public Finance Management	Finance Services	504,692,121	15,000,000	44,279,213	-	8.8	0.0
	Revenue Services	17,300,000	-	2,845,500	-	16.4	0.0
	Procurement and Supply Services	8,570,000	-	391,000	-	4.6	0.0
	Internal Audit Services	1,718,200	-	-	-	0.0	0.0
	Budget Formulation, Coordination and Management	8,420,920	-	214,000	-	2.5	0.0
	Accounting Services	7,945,000	-	1,523,700	-	19.2	0.0
County Planning and Economic Policy Management	Economic Planning Services	13,099,000	-	380,000	-	2.9	0.0
Sub Total		**561,745,241**	**15,000,000**	**49,633,413**	-	**8.8**	**0.0**

Programme	Sub- Programme	Approved Estimates (Kshs)		Actual Payments (Kshs)		Absorption Rate (%)	
		Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Curative and Rehabilitative Services	Curative and Rehabilitative Services	2,064,199,802	344,339,473	416,247,199	46,661,945	20.2	13.6
Sub Total		**2,064,199,802**	**344,339,473**	**416,247,199**	**46,661,945**	**20.2**	**13.6**
Basic Education	General Administration	366,914,905	-	35,519,541		9.7	0.0
	Free Pre- Primary Education	7,440,000	-	-		0.0	0.0
State Education Function Support	Tertiary Education	-	4,000,000.00	-		0.0	0.0
Technical and Vocational Training	Village Polytechnique	678,500	-	-		0.0	0.0
Sub Total		**375,033,405**	**4,000,000**	**35,519,541**	-	**9.5**	**0.0**
Livestock Resource Management and Development	Livestock Extension and Capacity Building Services	305,000	-	-		0.0	0.0
	Livestock Production Management	2,480,000	-	683,380		27.6	0.0
	Livestock Disease Management & Control	1,200,000	-	-		0.0	0.0
Crop Development and Management	Agricultural Extension Services	1,500,000	-	-		0.0	0.0
	Agribusiness and Market Development	320,000.00	-	-		0.0	0.0
	Land and Crop Development	1,331,000.00	-	138,600		10.4	0.0
	Food Security Initiatives	400,000.00	-	-		0.0	0.0
Kamweti Agricultural Training Centre	Extension and Training					0.0	0.0
Fisheries Development	Aquaculture Development	200,000.00	-	-		0.0	0.0
Policy Strategy and Management of Agriculture	Development of Agricultural Policy	2,543,000.00	-	-		0.0	0.0
	General Administration and Planning	209,798,656	778,461,236.00	39,099,826	27,156,162	18.6	3.5
Sub Total		**220,077,656**	**778,461,236**	**39,921,806**	**27,156,162**	**18.1**	**3.5**

Programme	Sub- Programme	Approved Estimates (Kshs)		Actual Payments (Kshs)		Absorption Rate (%)	
		Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Culture	Social Welfare Services	10,687,000.00	-	-		0.0	0.0
	Gender Administration Services	30,821,210.00	-	7,592,476		24.6	0.0
	Gender and Social Development	3,990,000.00	37,333,333.00	-		0.0	0.0
Youth	090901 Youth Development and Empowerment Services	670,000.00	-	-		0.0	0.0
Sub Total		**46,168,210**	**37,333,333**	**7,592,476**	-	**16.4**	**0.0**
Sports	General Administration	12,221,217.00	-	3,670,969		30.0	0.0
	Development of Sports and Sports Facilities	-	2,466,666.00			0.0	0.0
	Management & Development of Sports and Sports Facilities	2,925,000.00	-	26,000		0.9	0.0
	Control & Campaign Against Drug & Substance Abuse	1,549,000.00	-	-		0.0	0.0
	Preservation & Promotion of Heritage and Culture	248,800.00	-	-		0.0	0.0
Children Services	Child Community Support Services	5,764,000.00	-	-		0.0	0.0
Sub Total		**22,708,017**	**2,466,666**	**3,696,969**	-	**16.3**	**0.0**
Trade Development and Investment	General Administration and Planning	37,773,441.00	-	8,287,146		21.9	0.0
	Capacity Building for Traders and SME's	1,527,000.00	-	-		0.0	0.0
	Promotion of Development & Growth of Trade	354,000.00	-	-		0.0	0.0
	Fair Trade Practises and Consumer Protection	205,000.00	-	-		0.0	0.0

Programme	Sub- Programme	Approved Estimates (Kshs)		Actual Payments (Kshs)		Absorption Rate (%)	
		Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Tourism Development and Marketing	Tourism promotion and Marketing	195,500.00	-	-		0.0	0.0
	International Tourism Promotion and Marketing	310,000.00	-	-		0.0	0.0
	Promotion of Industrial Development	1,268,500.00	-	-		0.0	0.0
	Provision of Industrial Training	140,000.00	-	-		0.0	0.0
Cooperative Development and Marketing	General Administration & Planning	-	5,666,667.00	-		0.0	0.0
	Cooperative Advisory and Extension Services	295,000.00	-	-		0.0	0.0
	Cooperative Education and Training	542,000.00	-	-		0.0	0.0
	Cooperative Governance and Accountability	159,000.00	-	-		0.0	0.0
Cooperative Audit Services	Inspections and Investigations for Cooperatives	70,000.00	-	-		0.0	0.0
Sub Total		**42,839,441**	**5,666,667**	**8,287,146**	-	**19.3**	**0.0**
Water Supply Services	Water and Irrigation	-	35,200,000.00	-		0.0	0.0
Energy Programme	Energy Services	405,000.00	-	-		0.0	0.0
Cleaning and Waste Management	Environment Management and Protection	675,800.00	-	-		0.0	0.0
Nema	Waste Management Services	107,408,439	-	22,214,577		20.7	0.0
Sub Total		**108,489,239**	**35,200,000**	**22,214,577**	-	**20.5**	**0.0**
Land and Physical Planning	General Administration and Planning	29,853,028.00	-	10,425,549		34.9	0.0
	County Spatial Planning	3,190,000.00	-	-		0.0	0.0
	Town Zoning and Mapping	-	18,333,333.00	-		0.0	0.0
	Survey and Mapping	505,000.00	-	-		0.0	0.0

Programme	Sub- Programme	Approved Estimates (Kshs)		Actual Payments (Kshs)		Absorption Rate (%)	
		Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Housing Development	Improvement and Development of Human Settlements	420,000.00	-	-		0.0	0.0
Sub Total		**33,968,028**	**18,333,333**	**10,425,549**	-	**30.7**	**0.0**
Transport Management	General Administration and Planning	61,511,285.00	-	24,283,277		39.5	0.0
Disaster Management	Fire Fighting and Emergency Services	4,507,000.00	-	2,750,000		61.0	0.0
Roads Development Maintenance and Management	Construction and Maintenance of Roads and Bridges	1,300,000.00	308,182,419.0		47,488,190	0.0	15.4
Infrastructure Development, Maintenance and Management	Infrastructure Development Services	9,700,000.00	-	2,200,000		22.7	0.0
Sub Total		**77,018,285**	**308,182,419**	**29,233,277**	**47,488,190**	**38.0**	**15.4**
Grand Total		**4,650,262,727**	**1,901,222,043**	**745,437,286**	**149,507,043**	**16.0**	**7.9**

Source: Kirinyaga County Treasury

Analysis of Sub-programmes with the highest levels of implementation based on Development expenditure absorption rates was: Construction and Maintenance of Roads and Bridges in the Department of Transport and Infrastructure at 15.4 per cent, followed by the County Executive Services in the Department of the County Executive at 13.7 per cent, The Sub-programmes with the highest levels of implementation based on Recurrent expenditure absorption rates were: Fire Fighting and Emergency Services in the Department of Transport and Infrastructure at 61.0 per cent, and General Administration and Planning also in the Transport and Infrastructure Department at 27.6 per cent of budget allocation.

3.16.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

6. The underperformance of own-source revenue at Kshs.58.73 million against an annual projection of Kshs.500 million, representing 11.7 per cent of the annual target.
7. High level of pending bills which amounted to Kshs.780.43 million as of 30th September, 2022. This is despite the availability of cash in the CRF, which stood at Kshs.651.07 million at the end of the First Quarter of FY 2022/23.
8. Use of manual payroll. Personnel emoluments amounting to Kshs.50.33 million were processed through the manual payroll and accounted for 7.8 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

The County should implement the following recommendations to improve budget execution;

6. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*

7. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
8. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.17 County Government of Kisii

3.17.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.11.91 billion, comprising Kshs.3.66 billion (30.7 per cent) and Kshs.8.25 billion (69.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 5.4 per cent compared to the previous financial year when the approved budget was Kshs.12.59 billion and comprised of Kshs.4.09 billion towards development expenditure and Kshs.8.50 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.89 billion (74.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.650 million (5.5 per cent) from its own sources of revenue and a cash balance of Kshs.1.78 billion (15 per cent) from FY 2021/22. The County also expects to receive Kshs.585.87 million (4.9 per cent) as conditional grants, which consist of Kshs.110.64 million for Leasing of Medical Equipment, Kshs.324.30 million for NAGRIP, Kshs.9.53 million for Agriculture Sector Development Support Program-SIDA, Kshs.16.41 million from DANIDA and Ksh.125 million Finance for Locally-Led Climate Action Program (FLLoCA).

3.17.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.47 billion as the equitable share of the revenue raised nationally, raised Kshs.43.94 million as own-source revenue and had a cash balance of Kshs.779.98 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.2.29 billion, as shown in Table 3-73Error! Reference source not found..

Table 3-73: Kisii County, Revenue Performance in the First Quarter of FY 2022/23

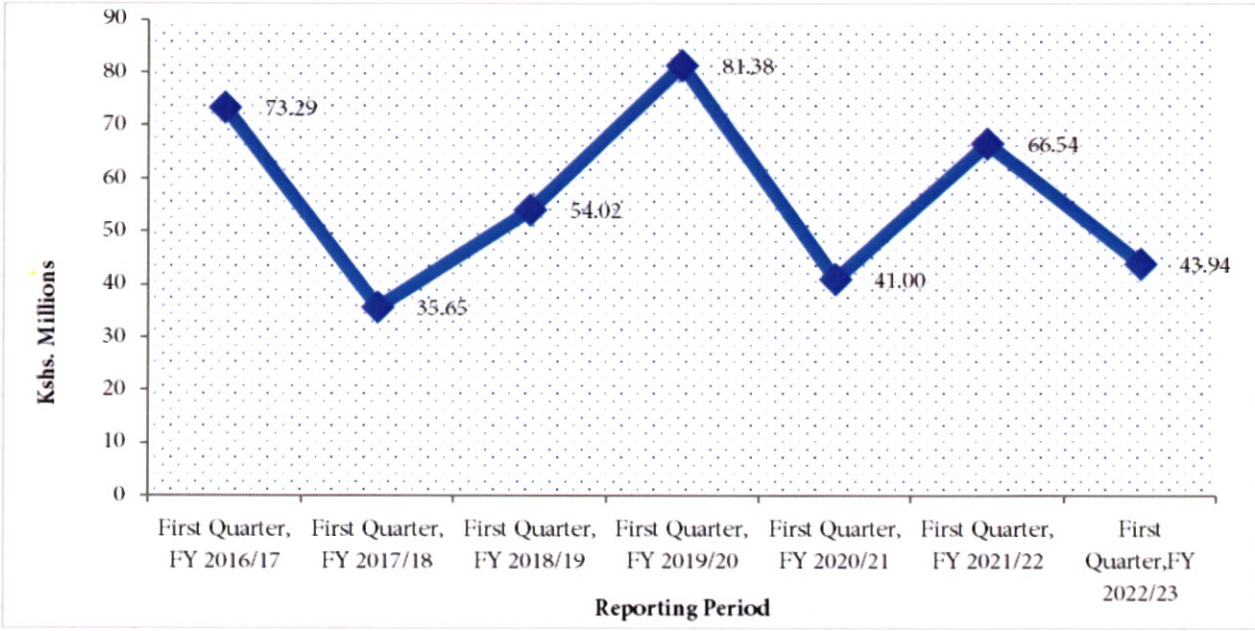
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**8,894,274,509**	**1,467,976,603**	**16.5**
	Sub Total	**8,894,274,509**	**1,467,976,603**	**16.5**
B	**Other Sources of Revenue**			
	Own Source Revenue	650,000,000	43,942,574	6.8
	Leasing of Medical Equipment	110,638,298	0	0
	National Agricultural and Rural Inclusive Project	324,295,427	0	0
	Agriculture Sector Development Support Program - SIDA	9,525,128	0	0
	DANIDA	16,408,200	0	0
	Finance for Locally-Led Climate Action Program (FLLoCA)	125,000,000	0	0
	Unspent balance from FY 2021/22	1,784,527,129	779,978,040	43.71
	Sub Total	**3,020,394,182**	**823,920,614**	**27.3**
Grand Total		**11,914,668,691**	**2,291,897,217**	**19.2**

Source: Kisii County Treasury

The conditional grants not released in the First Quarter of FY 2022/23 were; the Leasing of Medical Equipment, National Agricultural and Rural Inclusive Project, Agriculture Sector Development Support Program – SIDA, DANIDA and Finance for Locally-Led Climate Action Program (FLLoCA).

Figure 3-45 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

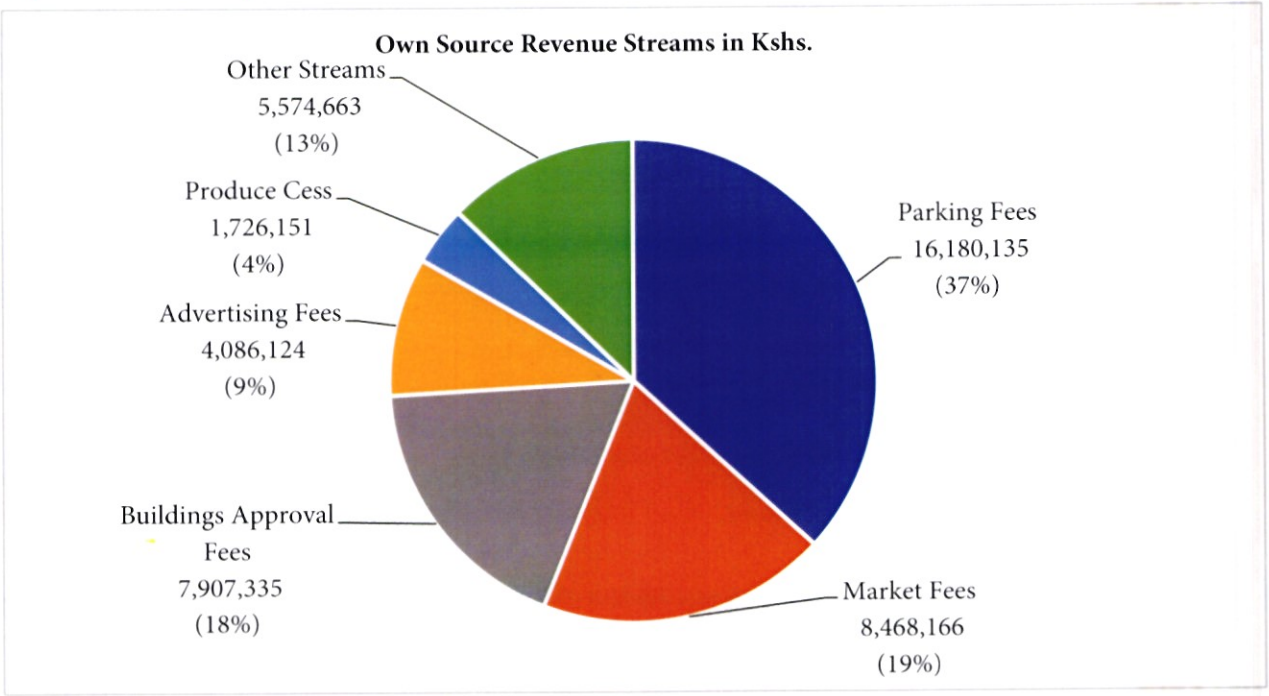
Figure 3-45: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Kisii County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.43.94 million as own-source revenue. This amount represented a decrease of 34 per cent compared to Kshs.66.54 million realised in a similar period in FY 2021/22 and was 6.8 per cent of the annual target and 3 per cent of the received equitable share. The OSR includes revenue arrears and penalties charged on the arrears from the previous financial year of Kshs.2.19 million. The top five revenue streams which contributed the highest OSR are shown in Figure 3-46.

Figure 3-46: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Kisii County Treasury

The highest revenue stream was from Parking Fees of Kshs.16. 18 million, which contributed to 37 per cent of the OSR collected in the first quarter of FY 2022/23.

3.17.3 Exchequer Issues

The Controller of Budget approved Kshs.1.46 billion in withdrawals from the CRF account during the reporting period. The amount comprised Kshs.85.54 million (5.9 per cent) for development programmes and Kshs.1.38 billion (94.1 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.1.18 billion for compensation to employees, Kshs.193.49 million for Operations and Maintenance expenditure and Kshs.85.54 million for development expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.831.15 million.

3.17.4 County Expenditure Review

The County spent Kshs.1.43 billion on development and recurrent programmes during the reporting period. This expenditure represented 97.7 per cent of the total funds released by the CoB and comprised Kshs.85.54 million and Kshs.1.34 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 2.3 per cent, while recurrent expenditure represented 16.3 per cent of the annual recurrent expenditure budget.

3.17.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.1.46 billion, which comprised Kshs.394.77 million for recurrent expenditure and Kshs.1.07 billion for development activities. During the period under review, pending bills amounting to Kshs.132.73 million were settled, consisting of Kshs.50.56 million for recurrent expenditure and Kshs.82.17 million for development programmes. Therefore, as of 30th September 2022, the outstanding pending bills were Kshs.1.33 billion.

3.17.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.11 billion on employee compensation, Kshs.144.38 million on operations and maintenance, and Kshs.85.54 million on development activities. Similarly, the County Assembly spent Kshs.73.48 million on employee compensation, Kshs.15.84 million on operations and maintenance, and had no expenditure on development activities, as shown in Table 3-74.

Table 3-74: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**6,909,203,533**	**1,344,649,049**	**1,252,623,114**	**89,313,308**	**18.1**	**6.6**
Compensation to Employees	5,219,619,645	612,407,999	1,108,243,967	73,478,019	21.2	12.0
Operations and Maintenance	1,689,583,888	732,241,047	144,379,147	15,835,289	8.5	2.2
Development Expenditure	**3,321,465,647**	**339,350,465**	**85,540,480**	**0**	**2.6**	**0.0**
Total	**10,230,669,180**	**1,683,999,511**	**1,338,163,594**	**89,313,308**	**13.1**	**5.3**

Source: Kisii County Treasury

3.17.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.1.18 billion was 39.7 per cent of the proportional annual realised revenue of Kshs.2.99 billion and included Kshs.559.33 million attributable to the health sector, which translated to 47.3 per cent of the total wage bill in the reporting period. Personnel emoluments amounting to Kshs.1.18 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system.

The County Assembly spent Kshs.162,000 on committee sitting allowances for the 70 MCAs and the Speaker against the annual budget allocation of Kshs.92.42 million, which was 0.2 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.761 per MCA.

3.17.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Ksh.356.07 million to county-established funds in FY 2022/23, constituting 3 per cent of the County's overall budget for the year. Table 3-75 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-75: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	County Bursary Fund	0	0	2,199	Yes
2.	Emergency Fund	15,000,000	0	0	Yes

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
3.	Alcoholic Drinks Control Fund	0	0	554,560	Yes
4.	Car and Mortgage Fund	30,000,000	0	0	Yes
County Assembly Established Funds					
5.	Car and Mortgage Fund	311,071,064	0	0	No
	Total	**356,071,064**	**0**	**556,759**	

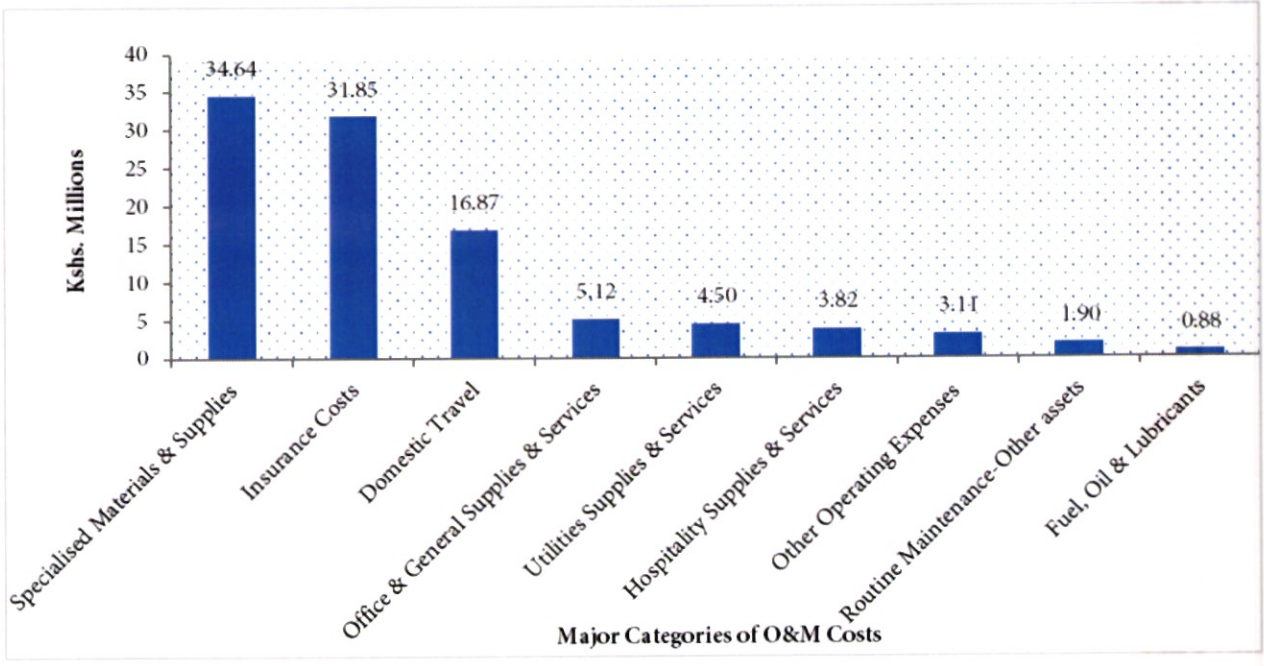
Source: *Kisii County Treasury*

The County has established a total of 5 County Funds with an annual budget of Kshs.356.07 million. OCoB did not receive quarterly financial returns from the Fund Administrator of the County Assembly Car and Mortgage Fund, as indicated in Figure 3-47, this is against the requirement of Section 168 of the PFM Act, 2012.

3.17.9 Expenditure on Operations and Maintenance

Figure 3-47 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-47: Kisii County, Operations and Maintenance Expenditure by Major Categories



Source: *Kisii County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.16.87 million spent by the County Executive. The other operationg expenses are as shown in Table 3-76.

Table 3-76: Kisii County, Other Operating Expenses

OTHER OPERATING EXPENSES			
ITEM	DEPARTMENT	APPROVED BUDGET FY 2022-23	EXPENDITURE 1ST QUARTER FY 2022-23
Security operations	Office of the Governor and Deputy Governor	10,000,000	1,990,800

OTHER OPERATING EXPENSES			
ITEM	DEPARTMENT	APPROVED BUDGET FY 2022-23	EXPENDITURE 1ST QUARTER FY 2022-23
Contracted guards and cleaning services	Kisii Municipality	15,000,000	500,000
Legal dues/ fees, arbitration and compensation payments	County Assembly	3,000,000	363,000
Security Operations	County Assembly	3,572,000	257,600
TOTAL		**31,572,000**	**3,111,400**

Source: *Kisii County Treasury*

3.17.10 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.85.54 million on development programmes, representing a decrease of 73.3 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.319.94 million. Table 3-77 summarises development projects with the highest expenditure in the reporting period.

Table 3-77: Kisii County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)	Remarks
1	Energy, Water, Environment and Natural Resources	Rehabilitation of Upper Nyanchwa Line to Extend Water Line from Milimani Tanks to Nyanchwa Tank and Surroundings	Kisii Town	3,975,000	3,975,000	3,975,000	20%	Complete
2	Roads and Public Works	Repair and Maintenance of Entake Junction - Riorangi Road	Bomariba	3,946,378	3,946,378	3,944,174	100%	Complete
3	Roads and Public Works	Repair and Maintenance of Embassy - Nyakobaria Road	Mosocho	3,004,197	3,004,197	2,999,180	100%	Complete
4	Roads and Public Works	Repair and Maintenance of Kiambori Riverside Road	Bogetenga	2,999,800	3,000,000	2,997,842	100%	Complete
5	Roads and Public Works	Nyamokomba-Nyagesenda	Sensi	3,000,000	3,000,000	2,760,568	92%	Complete
6	Energy, Water, Environment and Natural Resources	Construction of Etanda Water Project	Marani	5,325,550	5,701,000	2,722,700	48%	Ongoing
7	County Health Services	Maintenance of Assorted Equipment at County Health Services	All wards	2,728,280	2,728,280	2,653,077	15%	Complete

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)	Remarks
8	Energy, Water, Environment and Natural Resources	Construction of Rioma Market Borehole	Marani	3,396,500	3,396,500	2,636,500	78%	Ongoing
9	Energy, Water, Environment and Natural Resources	Construction of Gionseri Water Project Phaseii	Masige west	2,499,900	2,499,900	2,300,000	92%	Complete
10	Finance and Economic Planning	Design, Deployment and Support of Customer Service Portal and IT Support Ticketing System	All Departments	3,855,840	3,855,840	2,322,320	60%	Ongoing

Source: *Kisii County Treasury*

3.17.11 Budget Performance by Department

Table 3-78 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-78: Kisii County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive and Public Service Board	449.23	33.00	66.72	-	60.06	-	90.0	0	13.4	0.0
Administration and Stakeholder Management	467.66	79.28	110.11	-	110.11	-	100.0	0	23.5	0.0
Finance and Economic Planning	1032.50	47.48	155.83	2.32	154.68	2.32	99.3	100.0	15.0	4.9
Agriculture and Co-operative Development	414.25	727.50	70.41	35.56	70.41	35.56	100.0	100.0	17.0	4.9
Energy, Water, Environment and Natural Resources	134.14	286.33	14.13	13.76	14.13	13.76	1000	100.0	10.5	4.8
Education, Youth Affairs and Social Development	554.85	143.00	111.55	-	111.45	-	99.9	0	20.1	0.0
County Health Services	3200.14	702.04	656.55	8.03	631.18	8,03	96.1	100.0	19.7	1.1
Lands, Physical Planning and Urban Development	145.62	96.55	21.23	-	21.23	-	100.0	0	14.6	0.0
Roads, Public Works and Transport	200.42	818.61	29.60	25.87	29.60	25.86	100.0	100.0	14.8	3.2
Trade Development, Industry and Tourism	97.42	84.52	15.20	-	15.20	-	100.0	0	15.6	0.0
Culture and Social Services	94.78	73.66	16.72	-	16.72	-	100.0	0	17.6	0.0
Kisii Municipality	113.00	186.19	17.87	-	17.86	-	100.0	0	15.8	0.0
Ogembo Municipality	5.20	43.30	-	-	-	-	0	0	0.0	0.0
County Assembly	1344.65	339.35	89.31	-	89.31	-	100.0	0	6.6	0.0
	8,253.85	**3,660.82**	**1,375.21**	**85.54**	**1,341.94**	**85.54**	**97.6**	**100.0**	**16.3**	**2.3**

Source: *Kisii County Treasury*

Analysis of expenditure by department shows that the Department of Finance and Economic Planning and the Department of Agriculture and Cooperative Development recorded the highest absorption rate of development budget at 4.9 per cent, followed by the Department of Energy, Water, Environment and Natural resources at 4.8 per cent. The Department of Administration and Stakeholder Management had the highest percentage of recurrent expenditure to budget at 23.5 per cent, while Ogembo Municipality did not record any expenditure on recurrent activities.

3.17.12 Budget Execution by Programmes and Sub-Programmes

Table 3-79 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-79: Kisii County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly	Office of the speaker	5,936,560	0	0	0	0	0
	Representation, legislative and oversight services	160,811,024	0	0	0	0	0
	county assembly service board	1,177,901,462	339,350,465	89,313,306	0	7.6	0
	Sub Total	**1,344,649,046**	**339,350,465**	**89,313,306**	**0**	**6.6**	**0**
Executive (Office of the Governor, Deputy Governor, County Secretary and Public Service Board	administration, planning and support services	369,265,082	33,000,000	58,619,790	0	15.87	0
	office of the county secretary	11,820,000	0	422,192	0	3.57	0
	legal services	12,120,000	0	0	0	0	0
	communication services	8,570,000	0	0	0	0	0
	Public-Private Partnership	11,500,000	0	0	0	0	0
	County Public Service Board	35,950,000	0	1,022,900	0	2.85	0
	Sub-Total	**449,225,082**	**33,000,000**	**60,064,882**	**0**	**13.37**	0
Administration, Corporate Services and Stakeholder Management	Administration, planning and support services	395,589,227	**0**	101,760,393	**0**	25.72	**0**
	Devolved units services	6,100,000	42,233,140	**0**	**0**	0	**0**
	Human Resource Development	6,550,000	**0**	**0**	**0**	0	**0**
	Enforcement services	5,000,000	**0**	**0**	**0**	0	**0**
	Stakeholder management	39,224,764	**0**	8,351,509	**0**	21.29	**0**
	Public participation and civic Education	4,000,000	**0**	**0**	**0**	0	**0**
	Disaster management	8,200,000	37,050,000	**0**	**0**	0	**0**
	Fleet Management	3,000,000	**0**	**0**	**0**	0	**0**
	Sub-Total	**467,663,991**	**79,283,140**	**110,111,902**	**0**	23.55	0

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Finance and Economic Planning	Administration, coordination and support services	889,612,387	**0**	143,596,186	0	16.14	0
	Public financial management services	55,675,000	**0**	1,020,000	0	1.83	0
	county planning services	87,212,049	47,482,391	10,060,400	2,322,320	11.54	4.89
	Sub-Total	**1,032,499,436**	**47,482,391**	**154,676,586**	**2,322,320**	**14.98**	**4.89**
Agriculture, Livestock, Fisheries and Cooperative Development	administrative and support services	48,775,908	338,295,427	0	**0**	0	0
	crop development and value addition	267,326,493	64,476,110	54,528,374	**0**	20.40	0
	livestock development	17,200,000	37,000,000	0	**0**	0	0
	veterinary services	71,000,000	232,058,835	15,880,000	35,560,000	22.37	15.32
	Co-operative development and management	1,700,000	0	0	**0**	0	0
	fisheries development	1,750,000	53,500,000	0	**0**	0	0
	Kisii agricultural training centre	6,500,000	2,169,000	0	**0**	0	0
	Sub-Total	**414,252,401**	**727,499,372**	**70,408,374**	**35,560,000**	**17**	**4.89**
Energy, Water, Environment and Natural Resources	administration and planning services	50,070,000	**0**	11,600,000	**0**	23.17	0
	water and sanitation services	83,566,800	117,119,666	2,528,056	13,764,200	3.03	11.75
	environment management	0	164,302,000	**0**	**0**	0	0
	energy services	500,000	4,903,759	**0**	**0**	0	0
	Sub-Total	**134,136,800**	**286,325,425**	**14,128,056**	**13,764,200**	**10.53**	4.81
Education, Labour and Manpower Development	general administration and planning services	554,846,157	**0**	111,452,571	**0**	20.09	**0**
	early childhood development education	**0**	83,798,014	**0**	**0**	0	**0**
	vocational training	**0**	59,206,119	**0**	**0**	0	**0**
	Sub-Total	**554,846,157**	**143,004,133**	**111,452,571**	**0**	**20.09**	**0**
County Health Services	medical services	3,170,643,517	702,039,060	631,178,010	8,027,737	19.91	1.14
	public health	29,500,000	**0**	**0**	**0**	0	0
	Sub-Total	**3,200,143,517**	**702,039,060**	**631,178,010**	**8,027,737**	**19.72**	1.14
Lands, Physical Planning and Urban Development	Administration, planning and support services	145,620,000	**0**	21,225,565	**0**	14.58	**0**
	Land use services	**0**	3,545,569	**0**	**0**	0	**0**
	Urban development	**0**	93,004,480	**0**	**0**	0	**0**
	Sub-Total	**145,620,000**	**96,550,049**	21,225,565	**0**	14.58	**0**

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Roads, Public Works, Transport and Housing	General administration and planning services	82,208,717	**0**	17,073,691	**0**	20.77	0
	Roads development	**0**	767,967,952	**0**	25,866,223	0	3.37
	Public works	112,213,838	50,641,474	12,527,183	**0**	11.16	0
	Housing services	6,000,000	**0**	**0**	**0**	0	0
	Sub-Total	**200,422,555**	**818,609,426**	**29,600,874**	**25,866,223**	**14.77**	**3.16**
Trade, Tourism and Industry	Administration and planning services	85,399,998	84,518,374	15,197,205	**0**	17.80	0
	tourism development	4,120,000	**0**	**0**	**0**	0	0
	weights and measures	4,250,000	**0**	**0**	**0**	0	0
	liquor licensing	1,400,000	**0**	**0**	**0**	0	0
	Betting and gaming	2,250,000	**0**	**0**	**0**	0	0
	Sub-Total	**97,419,998**	**84,518,374**	**15,197,205**	**0**	**15.60**	**0**
Culture and Social Services	administration and planning services	82,215,902	**0**	16,716,559	**0**	20.33	0
	sports development	7,750,000	54,722,368	**0**	**0**	0	0
	Cultural services	2,611,694	18,940,961	**0**	**0**	0	0
	Social development	2,200,000	**0**	**0**	**0**	0	0
	Sub-Total	**94,777,596**	**73,663,329**	**16,716,559**	**0**	**17.64**	0
Kisii Municipality	general administration, planning and support services	112,996,000	0	17,862,065	0	15.81	0
	Infrastructure development	0	186,190,948	0	0	0	0
	Sub-Total	**112,996,000**	**186,190,948**	**17,862,065**	**0**	15.81	**0**
Ogembo Municipality	general administration, planning and support services	5,200,000	0	**0**	**0**	**0**	**0**
	Infrastructure development	0	43,300,000	**0**	**0**	**0**	**0**
	Sub-Total	**5,200,000**	**43,300,000**	**0**	**0**	**0**	**0**
TOTAL		**8,253,852,579**	**3,660,816,112**	**1,341,935,955**	**85,540,480**	**16.3**	**2.3**

Source: *Kisii County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Administration, planning and support services in the Department of Administration, corporate services and Stakeholder management at 25.7 per cent, Administration and planning services in the Department of Energy, water, Environment and natural resources at 23.2 per cent, Veterinary services in the Department of Agriculture, Livestock, Fisheries and Cooperative development at 22.4 per cent, and Stakeholder management at 21.3 per cent of budget allocation.

3.17.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Failure by the Fund Administrator to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The report for the Kisii County Assembly Car Loan and Mortgage Fund were not submitted to the Controller of Budget.
2. High level of pending bills which amounted to Kshs.1.33 billion as of 30th September, 2022. This is despite the

availability of cash in the CRF, which stood at Kshs.831.15 million at the end of the First Quarter of FY 2022/23.

3. The underperformance of own source revenue at Kshs.43.94 million against an annual projection of Ksh.650 million, representing 6.8 per cent of the yearly target.
4. Low absorption of development funds as indicated by the expenditure of Kshs.85.54 million in the First Quarter of FY 2022/23 from the annual development budget allocation of Kshs.3.66 billion. The development expenditure represents 2.3 per cent of the annual development budget.

The County should implement the following recommendations to improve budget execution;

1. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
2. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County should identify and address issues causing delays in implementing development projects.*

3.18 County Government of Kisumu

3.18.1 Overview of FY 2022/23Budget

The County's approved budget for the FY 2022/23 is Kshs.12.04 billion, comprising Kshs. 3.81 billion (31.7 per cent) and Kshs.8.22 billion (68.3 per cent) allocation for development and recurrent programmes respectively. The approved budget estimate is a decline of 0.9 per cent compared to the previous financial year when the approved budget was Kshs.12.15 billion and comprised Kshs.3.71 billion towards development expenditure and Kshs.8.44 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.03 billion (66.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.76 billion (14.6 per cent) from own source of revenue, a cash balance of Kshs.652.65 million (5.4 per cent) from FY 2021/22. The County also expects to receive Kshs.1.59 million (13.2 per cent) as conditional grants as shown in Table 3-80.

3.18.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.32 billion as the equitable share of the revenue raised nationally, raised Kshs.186.69 million as own-source revenue and had a cash balance of Kshs.652.65 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.2.16 billion, as shown in Table 3-80.

Table 3-80: Kisumu County, Revenue Performance in the First Quarter of FY 2022/23

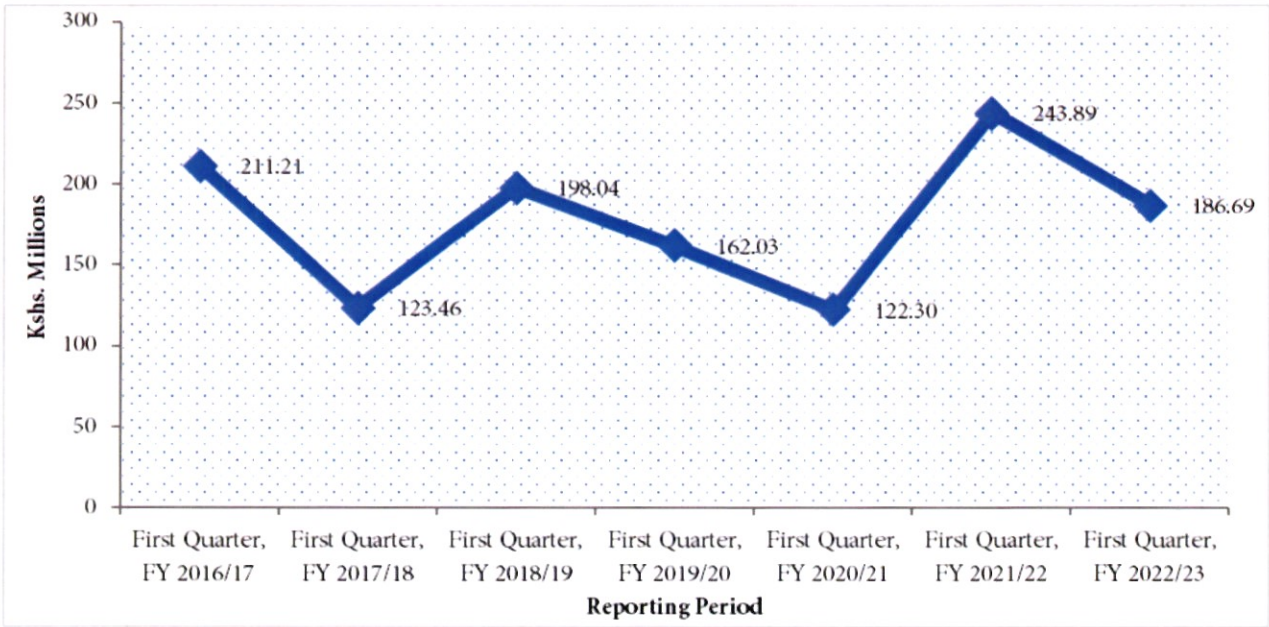
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,026,139,240	1,324,312,977	16.5
Sub Total				
B	**Other Sources of Revenue**			
1	Own Source Revenue	1,762,226,587	186,694,958	10.6
2	DANIDA	29,554,200	-	-
3	World Bank-Kenya Devolution Support Programme (KDSP)	64,134,545	-	-
4	Conditional Allocations-Development of Youth Polytechnics	15,953,192	-	-
5	ASDSP	37,530,362	-	-
6	EU Water Tower.	3,524,998	-	-

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
7	WORLD BANK-Locally-Led Climate Action Program (FLLoCA)	125,000,000	-	-
8	EU IDEAS	24,604,061	-	-
9	Conditional allocations for RMLF	93,997,196	-	-
10	IDA (World Bank) Climate Smart Agri Project (KCSAP)	549,255,412	-	-
11	IDA (World Bank) KUSP (UDG)	579,241	-	-
12	UNICEF	499,000	-	-
13	UHC Funds	61,190,702	-	-
14	EU Water Tower Protection and Climate Change Mitigation (SEACAP)	10,000,000	-	-
15	World Bank-Kenya Informal Settlement Improvement Project (KISSIP II)	578,640,055	-	-
16	Balance b/f from FY2021/22	652,654,461	652,654,461	**100.0**
Sub Total		**4,009,344,012**	**839,349,419**	**20.9**
Grand Total		**12,035,483,252**	**2,163,662,396**	**18.0**

Source: Kisumu County Treasury

Figure 3-48 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

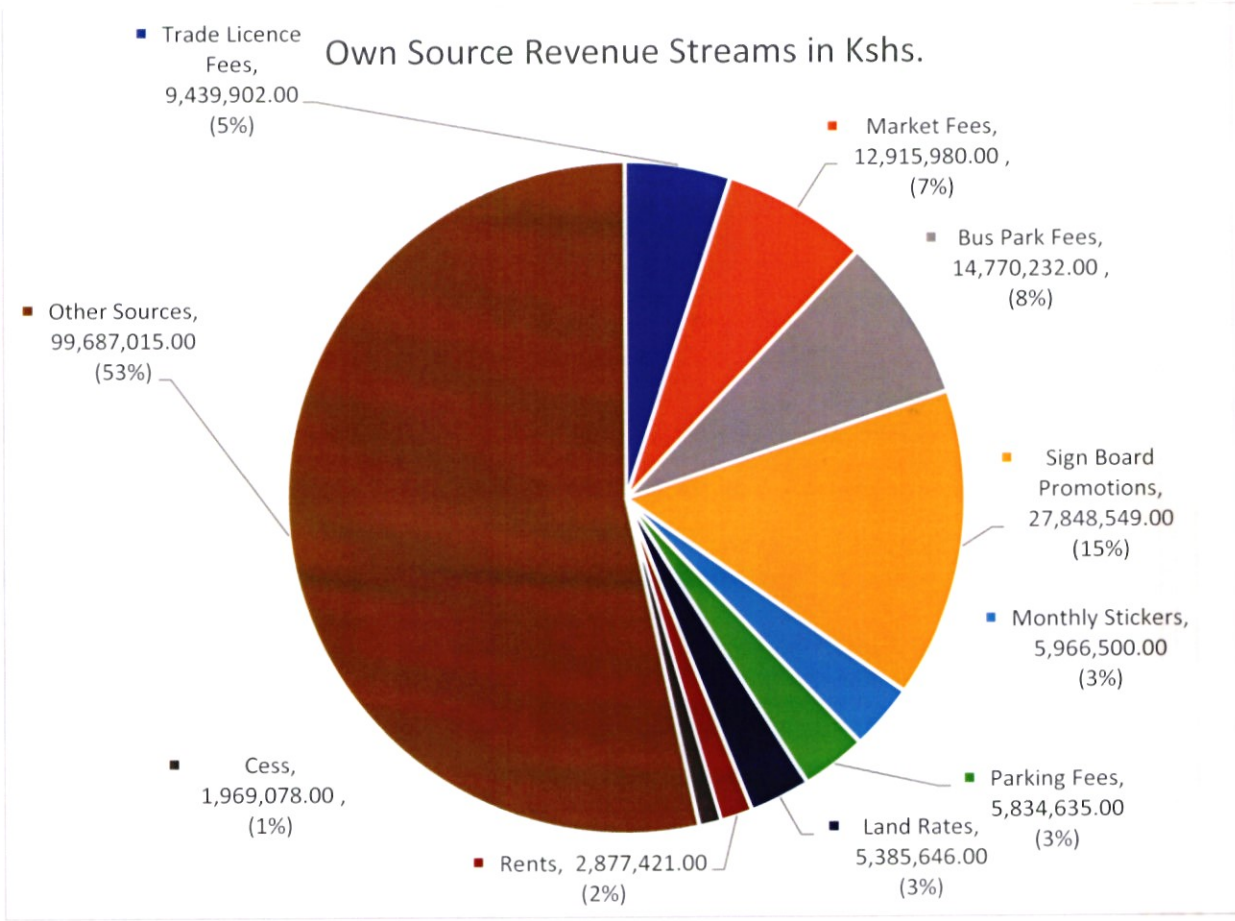
Figure 3-48: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Kisumu County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.186.69 million as own-source revenue. This amount represented a decrease of 23.5 per cent compared to Kshs.243.9 million realised in a similar period in FY 2021/22 and was 10.6 per cent of the annual target and 5.1 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-49.

Figure 3-49: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Kisumu County Treasury

The highest revenue stream was from Sign Board Promotion of Kshs.27.8 million, which contributed to 15 per cent of the OSR collected in the first quarter of FY 2022/23.

3.18.3 Exchequer Issues

The Controller of Budget approved Kshs.1.71 billion in withdrawals from the CRF account during the reporting period. The amount comprised Kshs.89.43 million (5.2 per cent) for development programmes and Kshs.1.62 billion (94.8 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.1.03 billion for compensation to employees, Kshs.588.15 million for Operations and Maintenance expenditure and Kshs.89.43 million for development expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.189.77 million.

3.18.4 County Expenditure Review

The County spent Kshs.1.21 billion on recurrent programmes during the reporting period. This expenditure represented 71.1 per cent of the total funds released by the CoB and represented 14.8 per cent of the annual recurrent expenditure budget.

3.18.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County reported the stock of pending bills of Kshs.1.96 billion which comprised Kshs.39.49 million for recurrent expenditure and Kshs.1.92 billion for development activities. During

the period under review, pending bills amounting to Kshs.17.96 million were settled, consisting of Kshs.17.96 million for recurrent programmes. The outstanding pending bills as of 30th September 2022 was therefore Kshs.1.94 billion.

3.18.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.972.56 million on employee compensation and Kshs.164.78 million on operations and maintenances. Similarly, the County Assembly spent Kshs.55.69 million on employee compensation and Kshs.20.10 million on operations and maintenance, as shown in Table 3-81.

Table 3-81: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**7,454,629,387**	**767,524,122**	**1,137,341,424**	**75,797,954**	**15.3**	**9.9**
Compensation to Employees	4,749,766,965	336,490,356	972,560,783	55,693,444	20.5	16.6
Operations and Maintenance	2,704,862,422	431,033,766	164,780,641	20,104,510	6.1	4.7
Development Expenditure	**3,663,329,743**	**150,000,000**	-	-	**0.0**	**0.0**
Total	**11,117,959,130**	**917,524,122**	**1,137,341,424**	**75,797,954**	**10.2**	**8.3**

Source: Kisumu County Treasury

3.18.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.1.03 billion was 47.5 per cent of the First Quarter realised revenue of Kshs.2.16 billion and included Kshs.549.29 million attributable to the health sector, which translated to 53.4 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.910.23 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.118.03 million. The manual payroll amounted to 11.4 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly spent Kshs.7.38 million on committee sitting allowances for the 47 MCAs and the Speaker against the annual budget allocation of Kshs.70.47 million which was 2.2 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.52,350 per MCA.

3.18.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.100 million to the Emergency Fund and Kshs.505 million to county-established funds in FY 2022/23, which constituted 5.0 per cent of the County's overall budget for the year. Table 3-82 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-82: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements (Yes/N0)
		A	B	C
1.	Bursary / Education	205,000,000.00	-	No
2.	Kisumu County Social Health Insurance Fund.	140,000,000.00	-	No
3.	Kisumu County Emergency Fund	100,000,000.00	-	No
4.	Kisumu County Assembly Loan Mortgage Fund	25,000,000.00	-	No
5.	Kisumu Enterprises Fund	100,000,000.00	-	No
	Kisumu County Rural Electrification and renewal Energy corp. Fund	35,000,000.00	-	No
	Total	**605,000,000.00**		

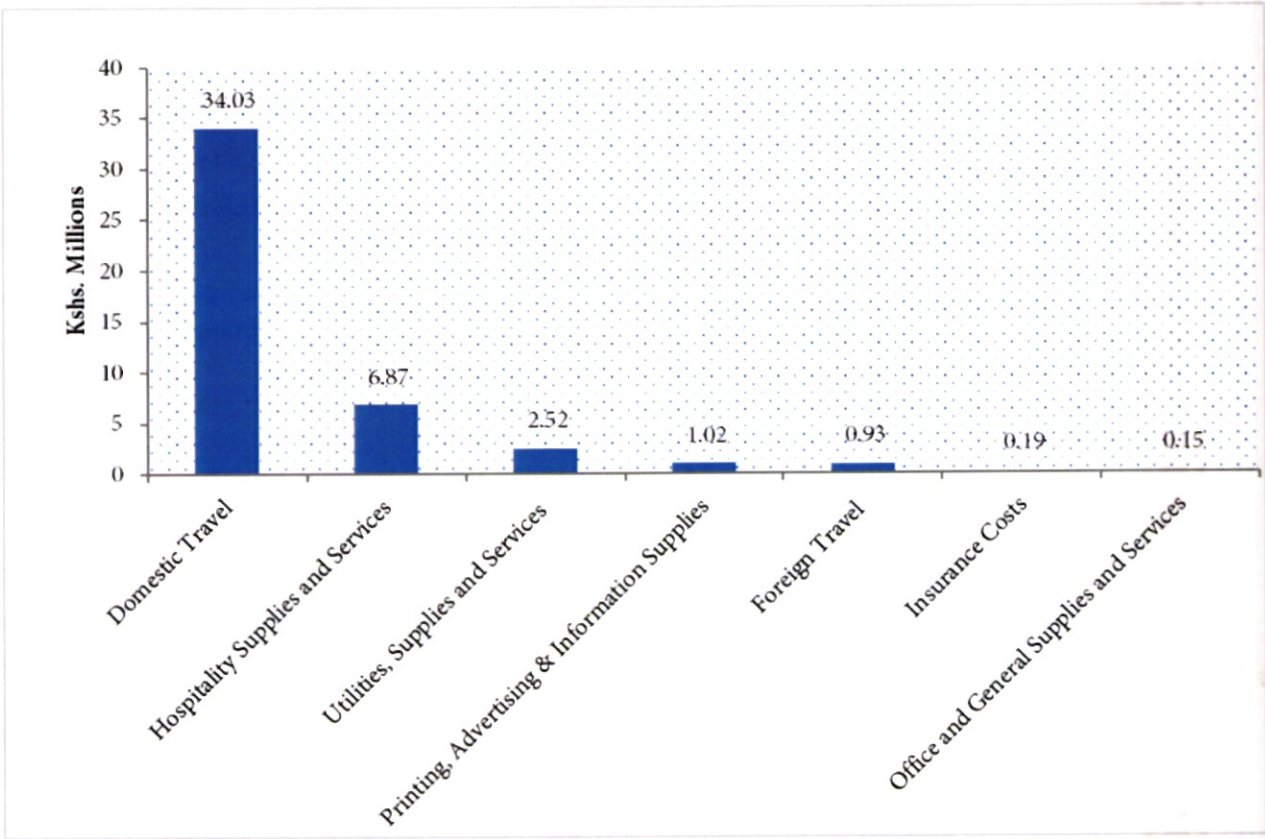
Source: *Kisumu County Treasury*

The OCoB did not receive quarterly financial returns from Fund Administrators of 6 funds as indicated in Table 3-82 which is against the requirement of Section 168 of the PFM Act, 2012.

3.18.9 Expenditure on Operations and Maintenance

Figure 3-50 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-50: Kisumu County, Operations and Maintenance Expenditure by Major Categories



Source: *Kisumu County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.34.03 million and comprised of Kshs.11.06 million spent by the County Assembly and Kshs.22.96 million by the County Executive.

3.18.10 Development Expenditure

In the First Quarter of FY 2022/23, the County did not report any expenditure on development programmes.

3.18.11 Budget Performance by Department

Table 3-83 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-83: Kisumu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning	1,376.48	1,659.22	288.16	89.43	288.16	-	100.0	-	20.9	-
Office of the Governor	285.83	45.00	37.90	-	9.53	-	25.1	-	3.3	-
Public Health and Sanitation	3,438.14	151.20	1,013.47	-	649.29	-	64.1	-	18.9	-
Tourism Culture Arts and Sports	87.96	59.00	3.20	-	2.14	-	66.9	-	2.4	-
Roads Public Works and Transport	198.96	250.60	6.00	-	6.00	-	100.0	-	3.0	-
Lands Physical Planning and Urban Development	88.27	482.64	5.00	-	5.00	-	100.0	-	5.7	-
Agriculture, Livestock, Food and Fisheries	205.81	498.78	25.00	-	25.00	-	100.0	-	12.1	-
Education, HRD and IT	615.58	123.70	70.08	-	70.18	-	100.1	-	11.4	-
Water, Environment and Natural Resources	125.16	186.30	31.78	-	14.19	-	44.7	-	11.3	-
County Public Service Board	88.83	-	6.00	-	-	-	-	-	-	-
Public Administration and Devolution	430.49	-	16.08	-	50.42	-	313.6	-	11.7	-
Trade, Energy and Industry	120.98	138.40	33.56	-	-	-	-	-	-	-
Kisumu City	392.14	68.49		-	17.44	-	-	-	4.4	-
County Assembly	767.52	150.00	80.19	-	75.80	-	94.5	-	9.9	-
Total	**8,222.15**	**3,813.33**	**1,616.41**	**89.43**	**1,213.14**	-	**75.1**	-	**14.8**	-

Source: *Kisumu County Treasury*

The Department of Education, HRD and IT had the highest percentage of recurrent expenditure to budget at 1.14 per cent while the Department of Trade, Energy and Industry did not report any expenditure. The County departments did not report any expenditure on development budget.

3.18.12 Budget Execution by Programmes and Sub-Programmes

Table 3-84 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-84: Kisumu County, Budget Execution by Programmes and Sub-Programmes

Budget Execution by Programmes and Sub-Programmes						
Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
101005060		**General Administration and Planning Services**	**1,096,274,176**	**275,680,933**	**820,593,243**	25.1
	101015060	Planning and Coordination Services	428,850,904	77,495,131	351,355,773	18.1
	101045060	Planning and Administration	667,423,272	198,185,802	469,237,470	29.7
102005060		**County Survey Services**	**950,000**	-	**950,000**	0.0
	102015060	County Survey	950,000	-	950,000	0.0
103005060		**Physical Planning & Housing**	**5,400,000**	-	**5,400,000**	0.0
	103015060	Physical planning services	2,850,000	-	2,850,000	0.0
	103025060	county housing management	2,550,000	-	2,550,000	0.0
104005060		**Promotion of sustainable land use**	**600,000**	-	**600,000**	0.0
	104015060	Promotion of Soil and Water Management	600,000	-	600,000	0.0
105005060		**Agriculture Productivity Improvement**	**86,741,383**	-	**86,741,383**	0.0
	105015060	Management of Agriculture Advisory services	7,353,445	-	7,353,445	0.0
	105025060	Promotion of Crop production Value Chains	7,200,000	-	7,200,000	0.0
	105035060	Promotion of Livestock Production Value Chains	23,062,054	-	23,062,054	0.0
	105055060	Management of Stations	48,375,884	-	48,375,884	0.0
	105075060	Development of Product Quality Assurance	750,000	-	750,000	0.0
106005060		**Agricultural Productivity Improvement**	**1,100,000**	-	**1,100,000**	0.0
	106015060	Agriculture Credit Access	1,100,000	-	1,100,000	0.0
107005060		**Promotion of market access and products development**	**3,000,000**	-	**3,000,000**	0.0
	107015060	Promotion of Agribusiness	500,000	-	500,000	0.0
	107025060	Promotion value addition	2,500,000	-	2,500,000	0.0
108005060		**Revenue Generation and Management**	**21,855,964**	**1,632,442**	**20,223,522**	7.5
	108015060	Local Revenue Mobilization	21,855,964	1,632,442	20,223,522	7.5
109005060		**Urban Planning $ Development Control**	**53,847,085**	-	**53,847,085**	0.0
	109015060	Urban planning and development	53,847,085	-	53,847,085	0.0
201005060		**County Roads and Public Works Management**	**867,311,329**	**67,823,702**	**799,487,627**	7.8
	201015060	General administration & planning	554,103,797	7,823,702	546,280,095	1.4
	201025060	Road construction and maintenance services	313,207,532	60,000,000	253,207,532	19.2
203005060		**Administration, Planning and Support Services**	**2,810,456,134**	**561,675,870**	**2,248,780,264**	20.0
	203015060	Administrative services	2,810,456,134	561,666,870	2,248,780,264	20.0

Budget Execution by Programmes and Sub-Programmes						
Program	Sub Program	Description	Final Budget	Actual Expenditure	Variance	Absorption Rate (%)
			(Kshs.)	(Kshs.)	(Kshs.)	
205005060		**Energy Production**	**68,150,648**	**9,000**	**68,141,648**	0.0
	205025060		45,875,324	-	45,875,324	0.0
	205035060	Climate Change	1,400,000	9,000	1,391,000	0.6
	205045060	Petroleum and Electricity	20,875,324	-	20,875,324	0.0
206005060		**Mining Efficiency**	**29,325,324**	**5,963,520**	**23,361,804**	20.3
	206045060	Mining Efficiency	200,000	-	200,000	0.0
	206055060	Resource Mobilization	26,950,000	5,963,520	20,986,480	22.1
	206065060	Green Energy	2,175,324	-	2,175,324	0.0
207005060		**Roads General Administration and Planning**	**60,000,000**	-	**60,000,000**	0.0
	207015060	Public Works	5,000,000	-	5,000,000	0.0
	207045060	Mechanical Engineering Services	55,000,000	-	55,000,000	0.0
208005060		**ICT Services**	**11,385,000**	-	**11,385,000**	0.0
	208015060	ICT Services	11,385,000	-	11,385,000	0.0
301005060		**General Administration and Policy making Services**	**10,643,322**	-	**10,643,322**	0.0
	301015060	Infrastructure Development	8,843,322	-	8,843,322	0.0
	301025060	Trade Support Services	1,800,000	-	1,800,000	0.0
302005060		**Regulation and Verification of Weights**	**1,500,000**	-	**1,500,000**	0.0
	302015060	Verification and Calibration of Weighing Equipment	1,500,000	-	1,500,000	0.0
303005060		**Tourism Development and Management**	**8,563,750**	-	**8,563,750**	0.0
	303015060	Tourism Development	2,313,750	-	2,313,750	0.0
	303035060	Tourism Event Management	4,000,000	-	4,000,000	0.0
	303045060	Tourism Standards Development	2,250,000	-	2,250,000	0.0
304005060		**Administration Planning and Support**	**96,153,738**	**12,329,663**	**83,824,075**	12.8
	304015060	Administration planning	96,153,738	12,329,663	83,824,075	12.8
305005060		**Co-operative Development and Management**	**12,950,000**	**261,400**	**12,688,600**	2.0
	305015060	Extension services	11,000,000	261,400	10,738,600	2.4
	305065060	Policy development	1,950,000	-	1,950,000	0.0
306005060		**Enterprise Development**	**55,700,000**	-	**55,700,000**	0.0
	306015060	Business Development Services	55,700,000	-	55,700,000	0.0
401005060		**Preventive & Promotive Health Services**	**108,576,257**	**7,696,927**	**100,879,330**	7.1
	401015060	Environmental health and sanitation	62,621,434	6,400,000	56,221,434	10.2
	401025060	Community health strategy	664,000	-	664,000	0.0
	401045060	Health promotion service	45,290,823	1,296,927	43,993,896	2.9
402005060		**Health Curative Services**	**4,235,200**	-	**4,235,200**	0.0
	402035060	Reproductive Health	4,235,200	-	4,235,200	0.0

Budget Execution by Programmes and Sub-Programmes						
Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
403005060		**General Administration, Operational Research and Planning**	**2,979,750,761**	**50,415,444**	**2,929,335,317**	1.7
	403035060	Governance and leadership	148,695,000	-	148,695,000	0.0
	403045060	Human resource for Health	2,831,055,761	50,415,444	2,780,640,317	1.8
405005060		**Health Sector support Program (DANIDA)**	**231,180,459**	**7,904,140**	**223,276,319**	3.4
	405015060	Health Promotive Services	231,180,459	7,904,140	223,276,319	3.4
407005060		**Jaramogi Oginga Odinga Teaching and Referral Hospital**	**160,000,000**	-	**160,000,000**	0.0
	407015060	Jaramogi Oginga Odinga Teaching and Referal Hospital	160,000,000	-	160,000,000	0.0
408005060		**Kisumu County Referral Hospital**	**60,560,000**	**15,819,969**	**44,740,031**	26.1
	408015060	Kisumu County Referral Hospital	60,560,000	15,819,969	44,740,031	26.1
409005060		**Medical and Bio-Medical Services**	**151,200,000**	**11,499,993**	**139,700,007**	7.6
	409015060	County and Sub-County Hospital Services	151,200,000	11,499,993	139,700,007	7.6
501005060		**Early Childhood Development.**	**33,411,122**	-	**33,411,122**	0.0
	501015060	Promotion of early childhood education.	33,411,122	-	33,411,122	0.0
502005060		**Youth Training and Development**	**54,680,000**	-	**54,680,000**	0.0
	502015060	Youth Polytechnics Services	3,680,000	-	3,680,000	0.0
	502025060	Youth Training Facilities	51,000,000	-	51,000,000	0.0
504005060		**Gender and Social Dev.**	**4,250,000**	-	**4,250,000**	0.0
	504015060	Gender & Disability Mainstreaming	2,795,000	-	2,795,000	0.0
	504025060	Social Dev. Facilities	955,000	-	955,000	0.0
	504055060	Betting Control Services	500,000	-	500,000	0.0
505005060		**Early Child Education Management**	**270,598,895**	-	**270,598,895**	0.0
	505015060	Early Child Education	270,598,895	-	270,598,895	0.0
506005060		**Sports Management and Development**	**2,027,500**	-	**2,027,500**	0.0
	506015060	Sports Management	320,000	-	320,000	0.0
	506025060	Talent Development	1,707,500	-	1,707,500	0.0
507005060		**Sports Stadia Development**	**9,778,625**	-	**9,778,625**	0.0
	507015060	Sports Academy	9,778,625	-	9,778,625	0.0
508005060		**Alcoholic Drinks**	**300,000**	-	**300,000**	0.0
	508015060	Alcoholic Drinks	300,000	-	300,000	0.0
515005060		**Pre-Primary Policy and Legislation**	**16,200,000**	**3,169,000**	**13,031,000**	19.6
	515015060	Primary Policy and Legislation	16,200,000	3,169,000	13,031,000	19.6

Budget Execution by Programmes and Sub-Programmes						
Program	Sub Program	Description	Final Budget	Actual Expenditure	Variance	Absorption Rate (%)
			(Kshs.)	(Kshs.)	(Kshs.)	
517005060		**Youth Training and Legislation**	**64,063,192**	-	**64,063,192**	0.0
	517015060	Youth Training and Legislation	64,063,192	-	64,063,192	0.0
701005060		**General Administration and Planning services**	**246,911,737**	**54,433,244**	**192,478,494**	22.0
	701025060	Development and Management of County Administrative systems	238,341,737	54,272,444	184,069,294	22.8
	701065060	Human Resource development services	7,870,000	160,800	7,709,200	2.0
	701085060	Social Responsibility Including Civic and Public Engagement	700,000	-	700,000	0.0
702005060		**Management of County affairs and special programmes**	**11,400,000**	**64,800**	**11,335,200**	0.6
	702025060	Inter-Government Coordination and protocol	11,400,000	64,800	11,335,200	0.6
703005060		**Inter-Governmental relations, Communication and Protocol**	**34,459,952**	**486,300**	**33,973,652**	1.4
	703015060	Governor's Press Service and Communication	23,709,952	52,500	23,657,452	0.2
	703025060	Internal Auditing Services	10,750,000	433,800	10,316,200	4.0
704005060		**County Public Service Board**	**892,167,915**	**25,810,801**	**866,357,114**	2.9
	704015060	General Administration and Support services	734,294,115	6,470,030	715,649,568	0.9
	704025060	Human Resource Recruitment and Development	155,700,000	7,166,254	148,533,746	4.6
	704045060	Promotion of Values and Principles	2,173,800	-	2,173,800	0.0
705005060		**Public Financial Management**	**152,756,063**	**18,641,717**	**134,114,346**	12.2
	705015060	Revenue Mobilization	64,000,000	7,161,099	56,838,901	11.2
	705025060	Asset management	5,500,000	1,329,500	4,170,500	24.2
	705035060	management of public financial resources	10,012,585	447,500	9,565,085	4.5
	705055060	Budget Formulation & Coordination Services	73,243,478	9,703,618	63,539,860	13.2
706005060		**County Planning and Development Coordination Services**	**51,434,000**	**3,341,379**	**48,092,621**	6.5
	706015060	Policy Formulation & Planning	19,600,000	2,351,579	17,248,421	12.0
	706025060	Monitoring & Evaluation	31,834,000	989,800	30,844,200	3.1
707005060		**County Communication & ICT Services**	**1,300,000**	-	**1,300,000**	0.0
	707015060	Management Information System	1,300,000	-	1,300,000	0.0
709005060		**Representation services & public participation**	**11,750,000**	**265,240**	**11,484,760**	2.3

Budget Execution by Programmes and Sub-Programmes						
Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	709025060	Public participation services	11,750,000	265,240	11,484,760	2.3
711005060		**County Planning and Development Coordination Services**	**9,000,000**	**98,300**	**8,901,700**	1.1
	711005060	County Planning and Development Coordination Services	9,000,000	98,300	8,901,700	1.1
902005060		**Conservation and management of natural ecosystem**	**235,931,493**	**12,251,641**	**223,679,852**	5.2
	902015060	Sustainable Access to safe Water	940,000	175,455	764,545	18.7
	902025060	Water resources & Sewerage services	234,991,493	12,076,186	222,915,307	5.1
904005060		**Environmental Planning and Management**	**3,696,856**	-	**3,696,856**	0.0
	904025060	Environment Conservation Of Natural Resources	1,129,856	-	1,129,856	0.0
	904035060	Solid Waste Management	2,567,000	-	2,567,000	0.0
906005060			**1,460,000**	**75,000**	**1,385,000**	5.1
	906015060	Pollution Control	1,460,000	75,000	1,385,000	5.1
21000000						
		general administration, planning and support services	555,655,169			0.0
		legislative and Oversight Services	361,868,953			0.0
907005060			**12,971,250**	-	**12,971,250**	0.0
	907015060	Culture and Heritage Development	1,233,750	-	1,233,750	0.0
	907025060	Artistic Talent Development	11,737,500	-	11,737,500	0.0
		Grand Total	**12,035,483,252**	**1,137,341,424**	**9,980,617,706**	**9.4**

Source: *Kisumu County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Planning and Administration at 29.7 per cent, Kisumu County Referral Hospital at 26.1 per cent, Assets management at 24.2 per cent, Development and Management of County Administrative systems 22.8 per cent, and Sustainable Access to safe Water at 18.7 per cent of budget allocation.

3.18.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation. The report was submitted on 7th November 2022.
2. The underperformance of own-source revenue at Kshs.186.69 million against an annual projection of Kshs. 1.76 billion, representing 10.6 per cent of the annual target.
3. Diversion of funds by the County Treasury and weak budgeting practice as shown in Table 3-83, where the County incurred expenditure over approved exchequer issues in a number of departments.
4. High level of pending bills which amounted to Kshs.1.94 billion as of 30th September 2022. This is despite the availability of cash in the CRF which stood at Kshs.189.77 million at the end of the First Quarter of FY 2022/23.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.118.03 million were processed through the

manual payroll and accounted for 11.4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.19 County Government of Kitui

3.19.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.11.50 billion, comprising Kshs.3.4 billion (29.6 per cent) and Kshs.8.10 billion (70.4 per cent) allocation for development and recurrent programmes respectively. The approved budget estimate is a decline of 7.8 per cent compared to the previous financial year when the approved budget was Kshs.12.47 billion and comprised of Kshs.4.14 billion towards development expenditure and Kshs.8.33 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.10.39 billion (90.4 per cent) as the equitable share of revenue raised nationally, and generate Kshs.600 million (5.2 per cent) from own source of revenue. The County also expects to receive Kshs.505.23 million (4.4 per cent) as conditional grants, which consist of, Kshs.112.82 million Grants from World Bank (KDSP), Kshs.14.55 World Bank (Universal Health), Kshs.283.09 million IDA (World bank) Credit (National Agricultural and Rural Inclusive Growth Project (NARIGP), Kshs.38.96 million World Bank - Emergency Locust Response Project (ELRP), Kshs.19.56 million DANIDA Grant - Primary Health Care in Devolved Context Kshs.7.39 million UNFPA (9th Country Programme Implementation), Kshs.28.86 million Sweden - Agricultural Sector Development Support Programme (ASDSP) II.

3.19.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.72 billion as the equitable share of the revenue raised nationally, raised Kshs.61.60 million as own-source revenue, and Kshs.57.63 million as conditional grants. The total funds available for budget implementation during the period amounted to Kshs.1.83 billion, as shown in Table 3-85.

Table 3-85: Kitui County, Revenue Performance in the First Quarter of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	10,393,970,413	1,715,005,119	16.5
Sub Total		**10,393,970,413**	**1,715,005,119**	**16.5**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	600,000,000.00	61,599,535	10.3

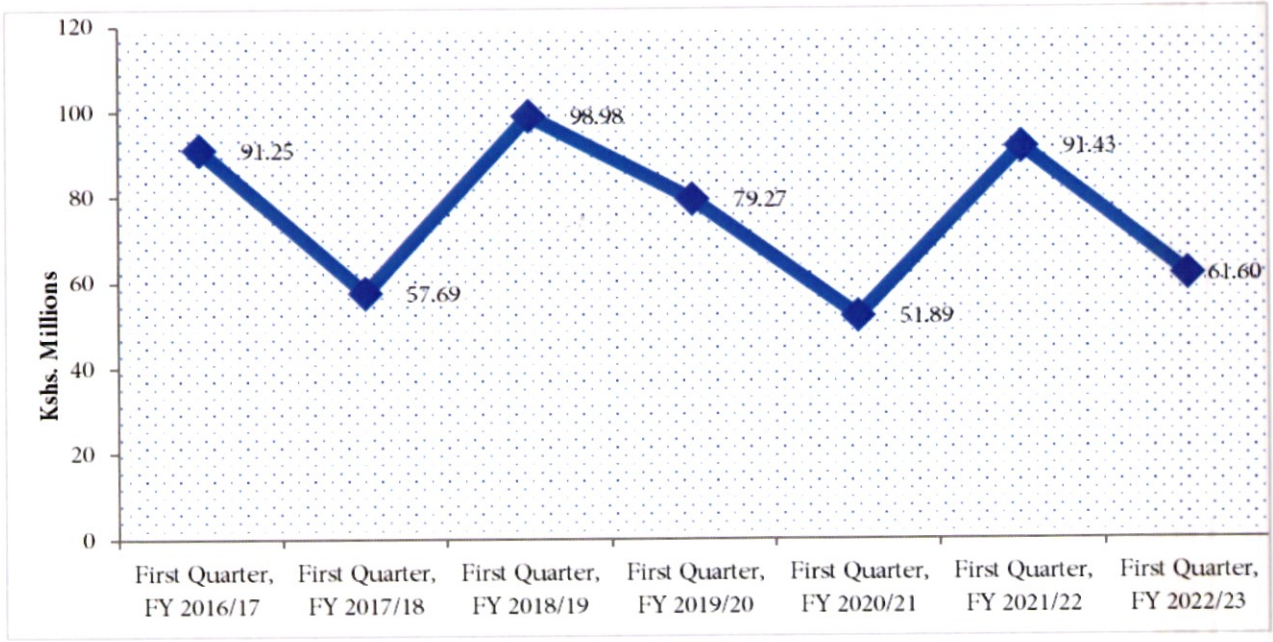
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
2.	Grants from World Bank (KDSP)	112,815,048	-	-
3.	World Bank (Universal Health)	14,548,168	-	-
4.	IDA (World bank) Credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	283,089,026	57,625,486	20.4
5.	World Bank - Emergency Locust Response Project (ELRP)	38,964,000	-	-
6.	DANIDA Grant - Primary Health Care in Devolved Context	19,564,875	-	-
7.	UNFPA (9th Country Programme Implementation)	7,386,704	-	-
8.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	28,857,290	-	-
Sub Total		**1,105,225,111**	**119,225,021**	**10.8**
Grand Total		**11,499,195,524**	**1,834,230,140**	**16.0**

Source: Kitui County Treasury

The conditional grants which were not released in the First Quarter of FY 2022/23 were: World Bank - Emergency Locust Response Project (ELRP), DANIDA Grant - Primary Health Care in Devolved Context, UNFPA (9th Country Programme Implementation), Sweden - Agricultural Sector Development Support Programme (ASDSP) II, Grants from World Bank (KDSP), and World Bank (Universal Health).

Figure 3-51 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

Figure 3-51: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23

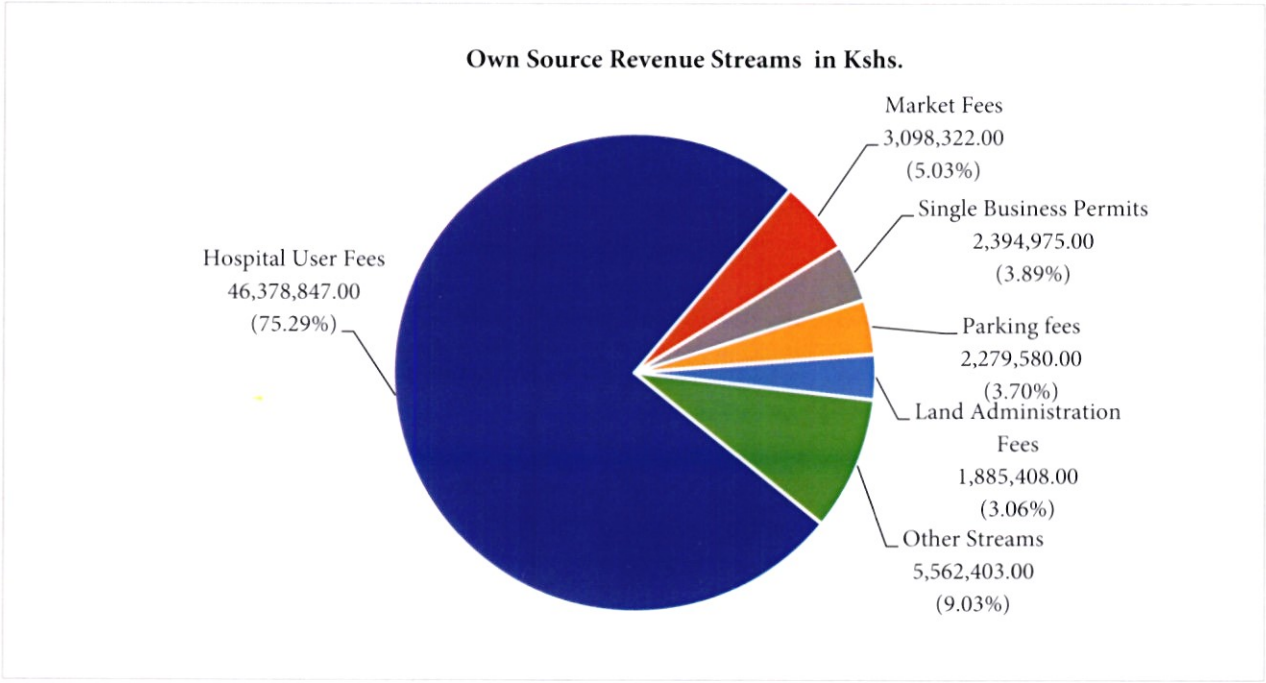


Source: Kitui County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.61.60 million as own-source revenue. This amount represented a decrease of 48.4 per cent compared to Kshs.91.43 million realised in a similar period

in FY 2021/22 and was 10.3 per cent of the annual target and 3.6 per cent of the received equitable share. The OSR includes revenue arrears and penalties charged on the arrears from the previous financial year of Kshs.1.84 million. The top five revenue streams which contributed the highest OSR are shown in Figure 3-52.

Figure 3-52: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Kitui County Treasury

The decrease in OSR can be attributed to non-operation of county revenue collection system as from 22nd June, 2022, to 29th September, 2022, as well as political undertones during the electioneering period. The highest revenue stream was from hospital user fee of Kshs.46.4 million, which contributed to 75.3 per cent of the OSR collected in the first quarter of FY 2022/23.

3.19.3 Exchequer Issues

The Controller of Budget approved Kshs.1.48 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.66.96 million (4.5 per cent) for development programmes and Kshs.1.41 billion (95.5 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised of Kshs.1.19 billion for compensation to employees, Kshs.221.46 million for Operations and Maintenance expenditure and Kshs.66.96 million for development expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.359.42 million.

3.19.4 County Expenditure Review

The County spent Kshs.1.63 billion on development and recurrent programmes during the reporting period. This expenditure represented 110.6 per cent of the total funds released by the CoB and comprised of Kshs.73.79 million and Kshs.1.56 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 2.2 per cent while recurrent expenditure represented 19.3 per cent of the annual recurrent expenditure budget.

3.19.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County Assembly reported the stock of pending bill of Kshs.6.1 million all for recurrent expenditure. During the period under review the County Assembly settled pending bill amounting to Kshs.4 million and therefore the outstanding pending bills as of 30th September 2022 was Kshs.2.11 million.

The County Executive did not provide a report on pending bills for the reporting period by the time of publishing this report. However, at the end of the FY 2021/22, the County Executive reported stock of pending bill of Kshs.1.61 billion which comprised of Kshs.385.92 million for recurrent expenditure and Kshs.1.23 billion for development activities. In absence of county executive report, we are not able to determine how much of the pending bill were settled in the reporting period and the outstanding pending bills as of 30th September 2022.

3.19.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.20 billion on employee compensation, Kshs.263.91 million on operations and maintenance, and Kshs.73.79 million on development activities. Similarly, the County Assembly spent Kshs.59.84 million on employee compensation, and Kshs.35.29 million on operations and maintenance, as shown in Table 3-86.

Table 3-86: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**7,110,411,417**	**990,063,722**	**1,464,810,066**	**95,126,493**	**20.6**	**9.6**
Compensation to Employees	4,682,620,682	392,788,682	1,200,898,156	59,840,740	25.6	15.2
Operations and Maintenance	2,427,790,735	597,275,040	263,911,910	35,285,753	10.9	5.9
Development Expenditure	3,241,419,193	157,301,192	73,792,940	-	2.3	0.0
Total	**10,351,830,610**	**1,147,364,914**	**1,538,603,006**	**95,126,493**	**14.9**	**8.3**

Source: Kitui County Treasury

3.19.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.1.26 billion was 68.7 per cent of the First Quarter realised revenue of Kshs.1.83 billion and included Kshs.647.32 million attributable to the health sector, which translated to 41.5 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.929.50 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.331.24 million. The manual payroll amounted to 26.3 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly did not report expenditure on committee sitting allowances in the period under review.

3.19.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.10 million to the Emergency Fund and Kshs.130 million to county-established funds in FY 2022/23, which constituted 1.2 per cent of the County's overall budget for the year. Table 3-87 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-87: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Empowerment Fund	Nil	Nil		No
2.	Emergency Fund	10,000,000	Nil	Nil	No
County Assembly Established Funds					
3.	Kitui County Assembly Car & Mortgage (Members) Scheme Fund	130,000,000	Nil	0	Yes
4.	Kitui County Assembly Service Board Employees' Car & Mortgage Fund Schemes	Nil	Nil		Yes
	Total	**140,000,000**			

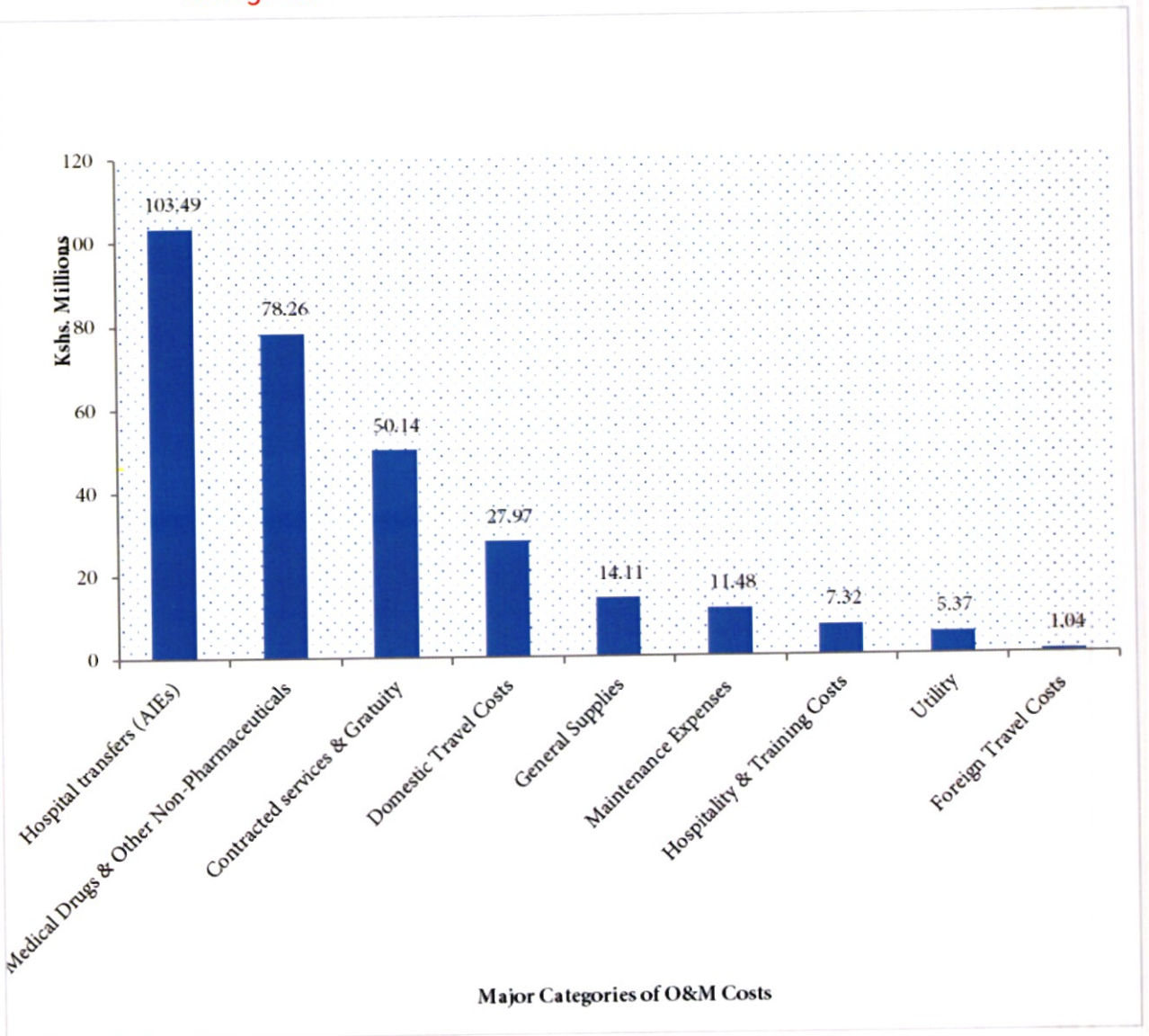
Source: *Kitui County Treasury*

The County has established a total of four County Funds with an annual budget of Kshs.140 million in the FY 2022/23. However, the Emergency fund has not been operationalised to date though it is budgeted for every financial year. The OCoB did not receive quarterly financial returns from the Administrator of the Empowerment Fund as indicated in Table 3-87, this is against the requirement of Section 168 of the PFM Act, 2012.

3.19.9 Expenditure on Operations and Maintenance

Figure 3-53 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-53: Kitui County, Operations and Maintenance Expenditure by Major Categories



Source: *Kitui County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.27.97 million and comprised of Kshs.17.16 million spent by the County Assembly and Kshs.10.82 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.04 million and comprised of Kshs.300,000 by the County Assembly and Kshs.743,535 by the County Executive.

3.19.10 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.73.79 million on development programmes, representing a decrease of 85.8 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.520 million. The reported development expenditure constitutes of transfer of a conditional grant to its special purpose account, subsidy to pay electricity bills for water treatment plants, and fuel for road grading.

3.19.11 Budget Performance by Department

Table 3-88 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-88: Kitui County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	617.93	746.25	86.59	-	96.09	1.12	111.0	∞	15.6	0.1
Public Service Management and Administration	452.20	19.00	88.20	-	83.62	-	94.8	∞	18.5	0.0
Agriculture, Water and Irrigation	493.23	833.98	77.59	66.96	93.18	70.68	120.1	105.5	18.9	8.5
Basic Education, ICT and Youth Development	534.30	92.05	96.68	-	119.06	-	123.2	∞	22.3	0.0
Infrastructure, Housing, Transport and Public Works	286.79	815.11	51.03	-	46.93	2.00	92.0	∞	16.4	0.2
Health and Sanitation	3,331.93	153.10	727.95	-	829.35	-	113.9	∞	24.9	0.0
Trade, Cooperatives and Investment	225.86	90.00	16.70	-	14.02	-	84.0	∞	6.2	0.0
Environment, Tourism and Natural Resources	148.01	72.67	25.63	-	21.28	-	83.0	∞	14.4	0.0
Gender, Sports and Culture	103.69	65.31	11.20	-	4.22	-	37.7	∞	4.1	0.0
County Treasury	488.26	122.82	60.48	-	102.36	-	169.2	∞	21.0	0.0
County Public Service Board	76.00	-	16.00	-	5.95	-	37.2	∞	7.8	∞
County Assembly	990.06	157.30	99.50	-	95.13	-	95.6	∞	9.6	0.0
Kitui Municipality	123.35	111.41	22.55	-	16.21	-	71.9	∞	13.1	0.0
Mwingi Town	71.35	29.96	4.47	-	5.98	-	133.9	∞	8.4	0.0
Livestock, Apiculture and Fisheries Development	80.00	33.97	11.34	-	14.42	-	127.2	∞	18.0	0.0
Lands & Physical Planning	77.50	55.80	14.09	-	12.12		86.1	∞	15.6	0.0
TOTAL	8,100.48	3,398.72	1,410.00	66.96	1,559.94	73.79	110.6	110.2	19.3	2.2

Source: *Kitui County Treasury*

Analysis of expenditure by department shows that the Department of Agriculture, Water and Irrigation recorded the highest absorption rate of development budget at 8.5 per cent, followed by the Department of Infrastructure, Housing, Transport and Public Works at 0.2 per cent. The Department of Health and Sanitation had the highest percentage of recurrent expenditure to budget at 24.9 per cent while the Department of Gender, Sports and Culture had the lowest at 4.1 per cent.

Expenditure is above exchequer release due to the payment acknowledged as actual yet they have not been paid in the IB system. County Treasury should reconcile their expenditure reports with bank statement to avoid such discrepancies in the future.

The recurrent expenditure ceiling for the County Executive as provided in CARA, 2022 is Kshs.604.30 million and therefore the allocation to the County Executive as provided in the Approved Budget is not in line with the law.

3.19.12 Budget Execution by Programmes and Sub-Programmes

Table 3-89 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-89: Kitui County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2022 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Office of The Governor							
General Administration and Planning	701013710	359,347,394	731,620,000	62,685,200	1,116,419	17.4	0.2
General Administration and Planning	702013710	56,675,000	14,625,000	740,800	-	1.3	-
Office of the County secretary	703013710	106,458,776	-	14,614,492	-	13.7	∞
Procurement	704023710	95,444,000	-	18,049,850	-	18.9	∞
Sub-total Office of the governor		**617,925,170**	**746,245,000**	**96,090,342**	**1,116,419**	**15.6**	**0.1**
Public Service Management and Administration							
Coordination and Administrative Services	705013710	137,168,010	19,000,000	27,105,645	-	19.8	-
Coordination and Administrative Services	706013710	154,600,120	-	31,207,000	-	20.2	∞
Coordination and Programmes Tracking Headquarters	707013710	19,187,244	-	207,000	-	1.1	∞
General Administration and Planning	701013710	141,248,716	-	25,102,000	-	17.8	∞
Sub-total Public Service Management and Administration		**452,204,090**	**19,000,000**	**83,621,645**	-	**18.5**	-
Agriculture, Water and Irrigation							
Agriculture	102013710	6,569,504	349,128,278	-	57,625,486	-	16.5
Agriculture	103013710	19,410,262	5,000,000	291,452	-	1.5	-
Agriculture	103023710	46,153,098	39,657,290	205,818	-	0.4	-
Agriculture	104013710	4,833,762	8,000,000	-	-	-	-
General Administration And Planning	101013710	314,996,726	-	73,968,380	-	23.5	∞
Water	101013710	79,428,738	-	18,716,331	-	23.6	∞
Water	111013710	11,103,798	370,195,020	-	-	-	-
Water	111023710	10,736,193	62,000,000	-	13,051,035	-	21.1
Sub-total Agriculture, Water and Irrigation		**493,232,081**	**833,980,588**	**93,181,981**	**70,676,521**	**18.9**	**8.5**
Basic Education, ICT, and Youth Development							
Basic Education	502013710	315,740,000	91,050,000	74,186,928	-	23.5	-
General Administration And Planning	501013710	151,998,548	-	41,690,121	-	27.4	∞
Internet	505013710	13,300,000	-	200,000	-	1.5	∞
Training And Skills Development	503013710	19,910,000	-	24,690	-	0.1	∞
Training And Skills Development	504013710	-	1,000,000	-	-	∝	∞

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2022 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Training and Skills Development	506013710	33,354,000	-	2,960,428	-	8.9	∞
Sub-total Basic Education, ICT, and Youth Development		**534,302,548**	**92,050,000**	**119,062,167**	-	**22.3**	-
Infrastructure, Housing and Urban Development							
General Administration And Planning	101013710	157,380,668	-	22,026,864	-	14.0	∞
Housing	107013710	12,287,876	58,500,000	1,596,000	-	13.0	-
Housing	109013710	31,348,960	18,000,000	5,787,000	-	18.5	-
Roads, Transport And Mechanical Services	110013710	40,231,692	733,606,332	8,334,000	2,000,000	20.7	0.3
Roads, Transport And Mechanical Services	203013710	45,544,138	5,000,000	9,185,426	-	20.2	-
Sub-total Infrastructure, Housing and Urban Development		**286,793,334**	**815,106,332**	**46,929,290**	**2,000,000**	**16.4**	**0.2**
Health and Sanitation							
General Administration And Planning	401013710	120,445,930	-	20,969,070	-	17.4	∞
General Administration And Planning	401023710	70,702,130	-	15,266,754	-	21.6	∞
General Administration And Planning	401033710	4,844,080	-	-	-	-	∞
health promotion	404013710	3,677,302	-	-	-	-	∞
Medical Services	402013710	2,591,187,798	153,100,026	653,645,600	-	25.2	-
Medical Services	402023710	8,800,000	-	1,616,065	-	18.4	∞
Medical Services	403023710	139,695,120	-	34,362,342	-	24.6	∞
Public Health	403013710	5,501,684	-	-	-	-	∞
Public Health	403023710	2,200,000	-	-	-	-	∞
Public Health	403033710	4,150,000	-	-	-	-	∞
Rural Health Services	402033710	340,000,000	-	96,491,334	-	28.4	∞
Rural Health Services	404023710	37,668,000	-	7,000,000	-	18.6	∞
Rural Health Services	404033710	3,062,794	-	-	-	-	∞
Sub-total Health and Sanitation		**3,331,934,838**	**153,100,026**	**829,351,165**	-	**24.9**	-
Trade, Cooperatives and Investments							
cooperatives	304013710	17,000,000	-	-	-	-	∞
cooperatives	304023710	15,000,000	-	-	-	-	∞
General Administration And Planning	301013710	159,233,276	90,000,000	13,772,154	-	8.6	-
Trade And Markets	301013710	25,510,000	-	251,200	-	1.0	∞
Trade And Markets	303023710	9,116,676	-	-	-	-	∞
Sub-total Trade, Cooperatives and Investments		**225,859,952**	**90,000,000**	**14,023,354**	-	**6.2**	-
Environment, Tourism and Natural Resources							
Energy	1005013710	5,102,106	5,500,000	-	-	-	-
Energy	1006013710	8,002,446	21,500,000	469,018	-	5.9	-
Environment	1002013710	17,547,110	-	2,702,238	-	15.4	∞
Environment	1003013710	4,560,608	8,000,000	-	-	-	-
Environment	1004013710	1,413,866	2,000,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2022 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
General Administration And Planning	1001013710	44,771,770	-	8,682,300	-	19.4	∞
Mineral Resources	1003013710	1,463,314	-	-	-	-	∞
Mineral Resources	1003023710	11,834,940	8,100,000	2,221,229	-	18.8	-
Mineral Resources	1003043710	3,976,632	16,500,000	-	-	-	-
Mineral Resources	1007013710	3,995,986	-	-	-	-	∞
Mineral Resources	1008013710	3,067,528	-	-	-	-	∞
Tourism	305013710	6,889,730	1,369,524	427,088	-	6.2	-
Tourism	305033710	7,088,768	9,700,000	1,106,904	-	15.6	-
Tourism	1003023710	28,295,557	-	5,674,147	-	20.1	∞
Sub-total Environment, Tourism and Natural Resources		**148,010,361**	**72,669,524**	**21,282,924**	-	**14.4**	-
Gender, Sports and Culture							
gender	307013710	11,139,596	13,358,786	-	-	-	-
gender	307023710	20,316,128	7,300,000	80,000	-	0.4	-
gender	308013710	10,187,298	-	718,461	-	7.1	∞
gender	308023710	2,860,000	-	-	-	-	∞
General Administration And Planning	301013710	37,049,800	-	2,533,748	-	6.8	∞
sports	306013710	14,078,522	11,500,000	-	-	-	-
sports	306023710	8,058,618	33,151,178	887,231	-	11.0	-
Sub-total Gender, Sports and Culture		**103,689,962**	**65,309,964**	**4,219,440**	-	**4.1**	-
County Treasury							
Accounts	704013710	9,060,000	-	1,071,840	-	11.8	∞
Accounts	712053710	27,486,476	-	1,996,360	-	7.3	∞
Budgetary Supplies	712013710	76,932,552	-	19,060,352	-	24.8	∞
Economic Affairs	710013710	46,898,884	-	79,793	-	0.2	∞
Economic Affairs	710023710	14,200,000	-	678,500	-	4.8	∞
Economic Affairs	712023710	19,340,000	-	-	-	-	∞
General Administration And Planning	701013710	280,101,228	122,815,048	79,176,342	-	28.3	-
Internal Audit	712033710	14,240,000	-	300,300	-	2.1	∞
Sub-total County Treasury		**488,259,140**	**122,815,048**	**102,363,487**	-	**21.0**	-
County Public Service Board							
board	713013710	18,385,000	-	2,500,000	-	13.6	∞
board	713023710	13,746,200	-	-	-	-	∞
board	714013710	9,760,000	-	1,200,000	-	12.3	∞
General Administration And Planning	701013710	34,108,800	-	2,252,000	-	6.6	∞
Sub-total County Treasury		**76,000,000**	-	**5,952,000**	-	**7.8**	∞
County Assembly							
General Administration And Planning	701013710	288,257,354	157,301,193	45,338,900	-	15.7	-
Legislative Department	715013710	701,806,368	-	49,787,593	-	7.1	∞
Sub-total County Assembly		**990,063,722**	**157,301,193**	**95,126,493**	-	**9.6**	-
Kitui Municipality							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2022 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Environment, Culture, Recreation and Community Development	207013710	31,530,000	21,300,000	5,495,526	-	17.4	-
General Administration And Planning	201013710	38,335,628	3,600,000	5,710,702	-	14.9	-
Planning, Development Control, Transport and Infrastructure	207013710	17,000,000	-	904,967	-	5.3	∞
Planning, Development Control, Transport and Infrastructure	209013710	-	64,000,000	-	-	#DIV/0!	-
trade	207033710	8,300,000	22,507,024	799,898	-	9.6	-
treasury	207023710	28,183,391	-	3,297,410	-	11.7	∞
Sub-total Kitui Municipality		**123,349,019**	**111,407,024**	**16,208,503**	-	**13.1**	-
Mwingi Town							
Environment, Culture, Recreation and Community Development	1001013710	3,388,078	7,462,926	50,000	-	1.5	-
General Administration And Planning-Headquarters	109013710	5,967,914	5,600,000	99,650	-	1.7	-
General Administration And Planning-Headquarters	201013710	54,456,500	7,000,000	5,662,390	-	10.4	-
General Administration And Planning-Headquarters	706013710	793,546	3,000,000	34,300	-	4.3	-
Planning, Development Control, Transport and Infrastructure	207013710	5,605,228	4,900,000	135,250	-	2.4	-
Planning, Development Control, Transport and Infrastructure	207023710	940,400	-	-	-	-	∞
Planning, Development Control, Transport and Infrastructure	207033710	195,107	2,000,000	-	-	-	-
Sub-total Kitui Municipality		**71,346,773**	**29,962,926**	**5,981,590**	-	**8.4**	-
Livestock, Apiculture and Fisheries Development							
General Administration	101013710	66,117,478	-	14,265,360	-	21.6	∞
General Administration	105013710	2,014,270	7,972,760	3,022	-	0.2	-
Livestock Devt	106013710	5,668,862	18,500,000	-	-	-	-
Livestock Devt	106023710	6,199,390	7,500,000	149,550	-	2.4	-
Sub-total Livestock, Apiculture and Fisheries Development		**80,000,000**	**33,972,760**	**14,417,932**	-	**18.0**	-
Lands and Physical Planning							
General Administration	101013710	61,354,148	-	10,724,246	-	17.5	∞
Land Adjudication	108023710	4,250,000	21,500,000	-	-	-	-
Land Information & Mgt	108013710	9,000,000	34,300,000	1,400,000	-	15.6	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2022 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Land Survey	108023710	2,900,001	-	-	-	-	∞
Sub-total Lands and Physical Planning		**77,504,149**	**55,800,000**	**12,124,246**	-	**15.6**	-
Grand-Total		**8,100,475,139**	**3,398,720,385**	**1,559,936,559**	**73,792,940**	**19.3**	**2.2**

Source: *Kitui County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: 402033710 under the Rural health services program in the Department of Health and Sanitation at 28.4 per cent, 701013710 the under General Administration And Planning program in the Department of the County Treasury at 28.3 per cent, 501013710 under General Administration And Planning program in the Department of Basic Education, ICT, and Youth Development at 27.4 per cent, and 402013710 under Medical Services program in the department of Health at 25.2 per cent of budget allocation.

3.19.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report from the County Assembly was received on 13th October, 2022, while that from the county Treasury was received on 27th October, 2022.
2. The underperformance of own-source revenue at Kshs.61.60 million against an annual projection of Kshs.600 million, representing 10.3 per cent of the annual target.
3. Non-reconciliation of IFMIS vote book expenditure report with bank statement by the County Treasury and weak budgeting practice as shown in Table 5 where the County incurred expenditure over approved exchequer issues in a number of departments.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Kitui County Empowerment Fund was not submitted to the Controller of Budget.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.331.24 million were processed through the manual payroll and accounted for 26.3 per cent of the total payrol cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. High level of pending bills which amounted to Kshs.1.61 billion as of 30th September 2022. This is despite the availability of cash in the CRF which stood at Kshs.359.42 million as at the end of the First Quarter of FY 2022/23.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should reconcile expenditure reports with bank statements before submitting reports to OCOB as well as improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract and casual workers as provided under Section 74 of the County*

Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.

6. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*

3.20 County Government of Kwale

3.20.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.8.58 billion, comprising Kshs.2.54 billion (29.6 per cent) and Kshs.6.04 billion (70.4 per cent) allocation for development and recurrent programmes respectively. The approved budget estimate is a decline of 32.8 per cent compared to the previous financial year when the approved budget was Kshs.12.77 billion and comprised of Kshs.5.78 billion towards development expenditure and Kshs.6.99 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.27 billion (96.3 per cent) as the equitable share of revenue raised nationally and generate Kshs.315 million (3.7 per cent) from own source of revenue. The County did not budget for the cash balance from the previous financial year which amounted to Kshs.1.13 billion.

3.20.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.36 billion as the equitable share of the revenue raised nationally which includes disbursement of June, 2022 share of Ksh.661.25 million, raised Kshs.47.59 million as own-source revenue and had a balance brought forward of Ksh.1.13 billion as per the refund statement. The total funds available for budget implementation during the period amounted to Kshs.2.54 billion, as shown inTable 3-90 .

Table 3-90: Kwale County, Revenue Performance in the First Quarter of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,265,585,516	1,363,821,611	16.5
Sub Total		**8,265,585,516**	**1,363,821,611**	**16.5**
B	**Conditional Grants**			
1	Compensation for User Fees Forgone	14,814,598	-	-
2	Leasing of Medical Equipment	153,297,872	-	-
3	Road Maintenance Levy	228,285,028	-	-
4	Development of Youth Polytechnics	54,837,777	-	-
5	World Bank Grant on Kenya Devolution Support Programme	73,052,239	-	-
6	DANIDA Grant to Supplement Financing of County Health facilities	21,565,021	-	-
7	World Bank Grant for Universal Health Care Project	34,285,851	-	-
8	World Bank Loan for National Agricultural and Rural Inclusive Growth Project	194,455,851	-	-
9	Water and Sanitation Development Project (WSDP)	389,611,941	-	-
10	Agricultural Sector Development Support Programme	14,349,819	-	-
	Sub-Total	**1,178,555,997**	-	-
C	**Other Sources of Revenue**			
1	Own Source Revenue	315,000,000	47,585,417	15.1
2	Balance b/f from FY2021/22	-	1,128,655,275	-

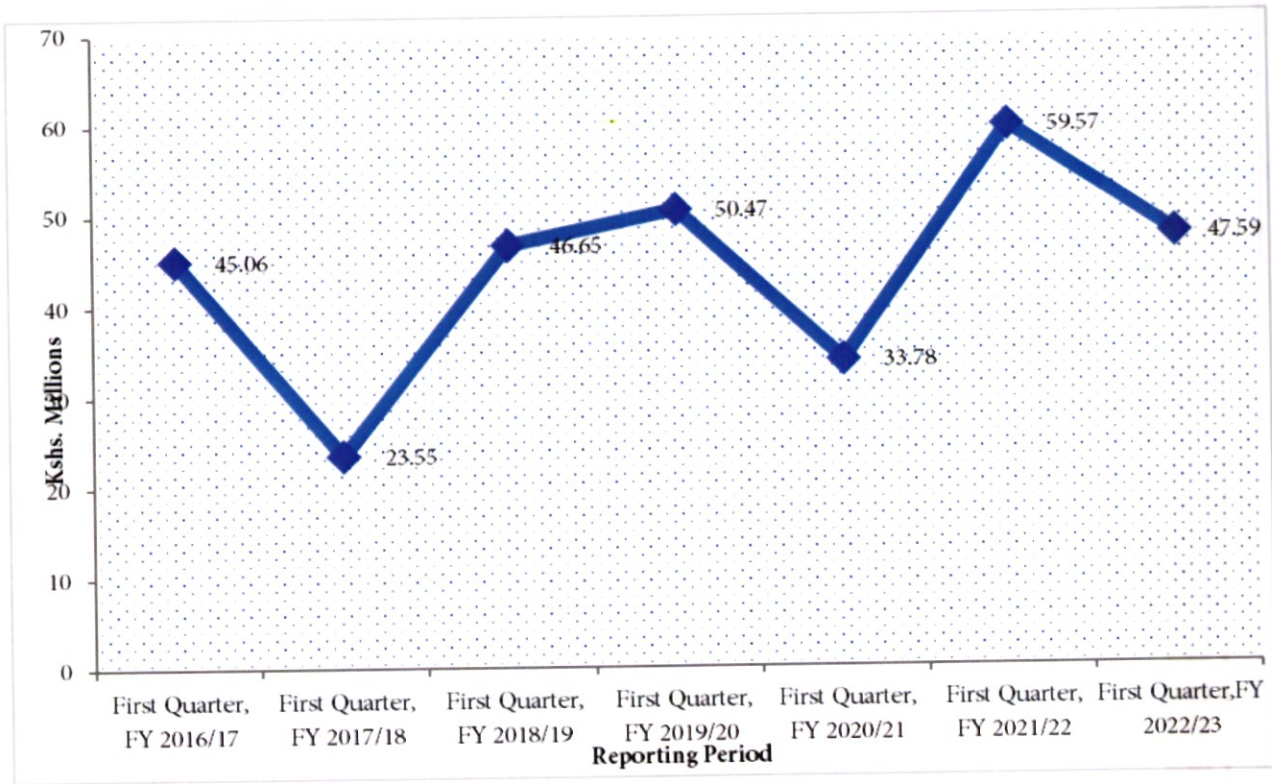
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
Sub Total		315,000,000	1,176,240,693	373.41
Grand Total		8,580,585,516	2,540,062,304	29.6

Source: Kwale County Treasury

The conditional grants were not released in the First Quarter of FY 2022/23.

Figure 3-54 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

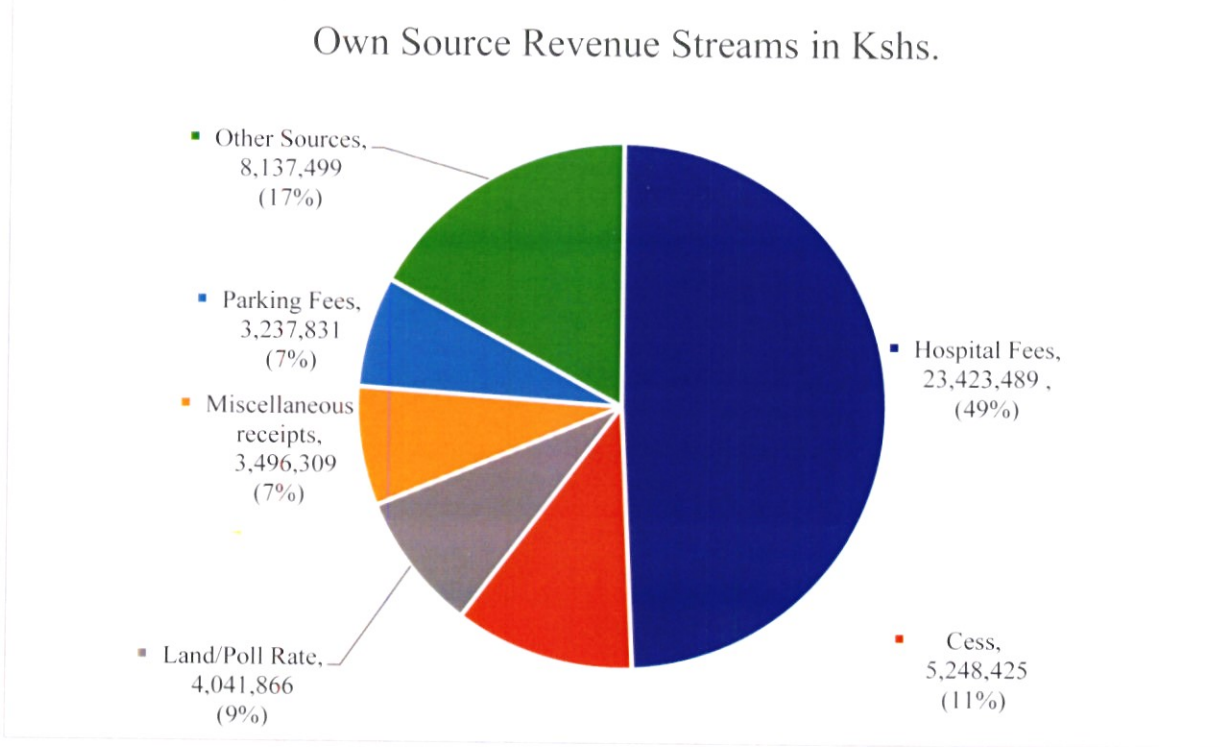
Figure 3-54: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Kwale County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.47.59 million as own-source revenue. This amount represented a decrease of 20.1 per cent compared to Kshs.59.57 million realised in a similar period in FY 2021/22 and was 15.1 per cent of the annual target and 3.5 per cent of the received equitable share. The OSR includes revenue arrears and penalties charged on the arrears from the previous financial year of Kshs.11.27 million. The top five revenue streams which contributed the highest OSR are shown in Figure 3-55.

Figure 3-55: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Kwale County Treasury

The highest revenue stream was from Hospital fees of Kshs.23.42 million, which contributed to 49 per cent of the OSR collected in the first quarter of FY 2022/23.

3.20.3 Exchequer Issues

The Controller of Budget approved Kshs.1.68 billion in withdrawals from the CRF account during the reporting period. The amount comprised Kshs.40.03 million (2.4 per cent) for development programmes and Kshs.1.64 billion (97.6 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.1.02 billion for compensation to employees, Kshs.619.44 million for Operations and Maintenance expenditure and Kshs.40.03 million for development expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.148.33 million.

3.20.4 County Expenditure Review

The County spent Kshs.1.17 billion on development and recurrent programmes during the reporting period. This expenditure represented 69.5 per cent of the total funds released by the CoB and comprised Kshs.5.0 million and Kshs.1.16 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.2 per cent while recurrent expenditure represented 19.3 per cent of the annual recurrent expenditure budget.

3.20.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County reported the stock of pending bills of Kshs.465.86 million which comprised Kshs.267.40 million for recurrent expenditure and Kshs.198.46 million for development activities. During the period under review, pending bills amounting to Kshs.44.76 million were settled, consisting of Kshs.9.73 million for recurrent expenditure and Kshs.35.03 million for development programmes. The outstanding pending bills as of 30th September 2022 were therefore Kshs.421.10 million.

3.20.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.878.2 million on employee compensation, Kshs.234.68 million on operations and maintenance, and Kshs.5 million on development activities. Similarly, the County Assembly spent Kshs.42.64 million on employee compensation and Kshs.8.74 million on operations and maintenance, as shown in Table 3-91.

Table 3-91: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,387,964,069**	**618,445,792**	**1,112,896,752**	**51,378,663**	**20.7**	**8.3**
Compensation to Employees	2,741,238,432	262,109,806	878,199,257	42,642,346	32.0	16.3
Operations and Maintenance	2,646,725,637	356,335,986	234,697,495	8,736,317	8.9	2.5
Development Expenditure	**2,474,175,655**	**100,000,000**	**5,000,000**	-	**0.2**	**0.0**
Total	**7,862,139,724**	**718,445,792**	**1,117,896,752**	**51,378,663**	**14.2**	**7.2**

Source: Kwale County Treasury

3.20.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.920.84 million was 36.3 per cent of the First Quarter realised revenue of Kshs.2.52 billion and included Kshs.436.81 million attributable to the health sector, which translated to 47.4 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.861.54 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.2.59 million. The manual payroll amounted to 0.3 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly spent Kshs.6.23 million on committee sitting allowances for the 31 MCAs and the Speaker against the annual budget allocation of Kshs.44.69 million which was 14.6 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.67,004 per MCA. The County Assembly has established 24 Committees and no information was provided on the number of bills and policy documents processed during the period.

3.20.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.4 million to the Emergency Fund and Kshs.459.77 million to county-established funds in FY 2022/23, which constituted 5.4 per cent of the County's overall budget for the year. Table 3-92 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-92: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Emergency Fund	5,000,000	-	-	No
2.	Scholarships and bursaries Fund	400,000,000	190,000,000.00	85,000,000.00	YES
County Assembly Established Funds					
3.	Car loan &Mortgage	58,766,586	-	-	No
	Total	**463,766,586**	**190,000,000**	**85,000,000**	

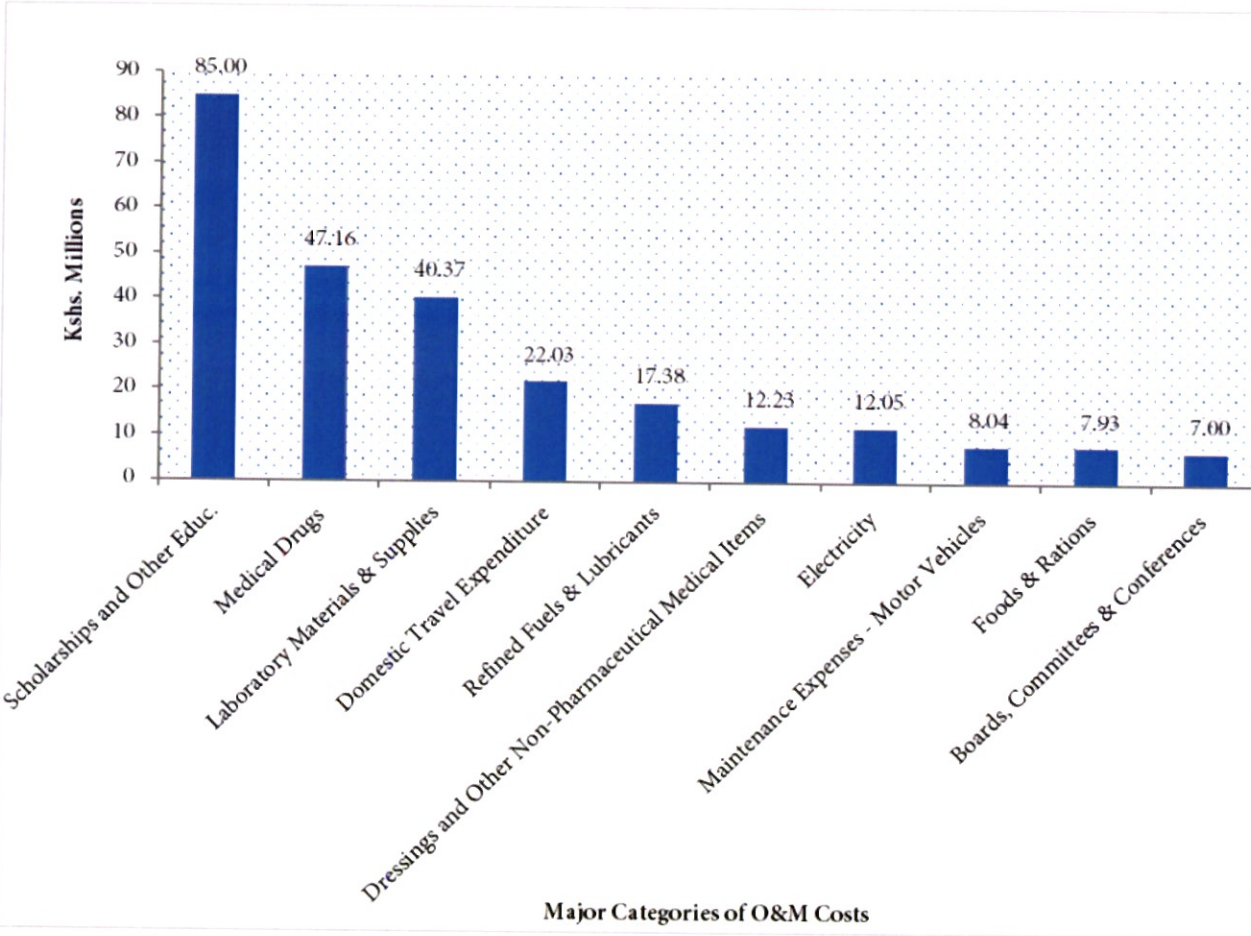
Source: *Kwale County Treasury*

The OCOB did not receive quarterly financial returns from Fund Administrators of Emergency Fund and County Assembly Car Loan and Mortgage Fund as indicated in Table 3-92, this is against the requirement of Section 168 of the PFM Act, 2012.

3.20.9 Expenditure on Operations and Maintenance

Figure 3-56 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-56: Kitui County, Operations and Maintenance Expenditure by Major Categories



Source: *Kwale County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.22.03 million and comprised of Kshs.2.00 million spent by the County Assembly and Kshs.20.03 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.01 million and comprised of Kshs.957.69 by the County Assembly and Kshs.0.05 million by the County Executive.

3.20.10 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.5.00 million on development programmes, representing a decrease of 79.1 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.23.96 million.

3.20.11 Budget Performance by Department

Table 3-93 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-93: Kwale County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning	1,012.53	-	202.12	-	58.60	-	28.99	-	5.8	-
Agriculture, Livestock and Fisheries	198.60	232.14	43.99	5.00	43.08	5.00	97.92	100.00	21.7	2.2
Land, Environment, Mining and natural resources	63.55	84.12	17.37	-	12.66	-	72.87	-	19.9	-
Medical and Public Health Services	2,285.61	322.50	646.75	-	574.96	-	88.90	-	25.2	-
County Assembly	673.93	100.00	109.98	35.03	51.38	-	46.72	-	7.6	-
Trade, Investment and Co-operative Development	58.46	65.09	14.67	-	13.44	-	91.64	-	23.0	-
Community Development	94.40	132.56	16.26	-	11.61	-	71.40	-	12.3	-
Executive Services	122.30	-	73.99	-	12.62	-	17.06	-	10.3	-
Education	926.94	482.63	372.43	-	266.24	-	71.49	-	28.7	-
Water Services	80.18	495.02	16.79	-	16.18	-	96.39	-	20.2	-
Roads and Public Works	143.18	473.79	36.68	-	28.41	-	77.46	-	19.8	-
Tourism and ICT	41.70	47.96	7.03	-	6.60	-	93.90	-	15.8	-
County Public Service Board	55.29	-	12.55	-	8.24	-	65.65	-	14.9	-
Public Service & Admini	263.15	20.57	70.31	-	59.69	-	84.90	-	22.7	-
Kwale Municipality	9.85	38.20	0.59	-	0.41	-	69.73	-	4.2	-
Diani Municipality	9.94	46.39	0.55	-	0.13	-	23.75	-	1.3	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Total	6,039.60	2,540.98	1,642.06	40.03	1,164.25	5.00	70.90	-	19.3	0.2

Source: *Kwale County Treasury*

Analysis of expenditure by department shows that the Department of Agriculture recorded the highest absorption rate of development budget at 2.2 per cent while all the other departments did not report expenditure on their development budget. The Department of Education had the highest percentage of recurrent expenditure to budget at 28.7 per cent while the Diani Municipality had the lowest at 1.3 per cent.

The allocation for recurrent expenditure for the County Assembly and the County Executive is within the ceilings in CARA, 2022.

3.20.12 Budget Execution by Programmes and Sub-Programmes

Table 3-94 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-94: Kwale County, Budget Execution by Programmes and Sub-Programmes

Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Absorption Rate (%)
	A	B	D=B/A*100
Finance and Economic Planning			
Budget formulation, coordination and management (0703023060)	99,078,505.00	7,459,038.25	7.53
General Administration (0704043060)	706,545,521.00	16,989,285.75	2.40
Revenue Collection Management (0710013060)	32,356,800.00	994,000.00	3.07
Public Finance and Accounting Services (0711013060)	20,407,012.00	979,911.00	4.80
Procurement Services (0711023060)	11,566,000.00	536,100.00	4.64
Risk Assurance Services (0711033060)	18,421,325.00	604,800.00	3.28
Personal Services (0704013060)	124,155,265.00	31,037,615.30	25.00
TOTALS	**1,012,530,428.00**	**58,600,750.30**	**5.79**
Agriculture, Livestock and Fisheries			
General administration and support services {0102053060}	158,258,131.00	40,387,984.00	25.52
Crop production & food security {0107013060}	46,732,018.00	633,600.00	1.36
Dairy and meat production {0108013060}	38,204,483.00	621,000.00	1.63
Fish production management {0109013060}	44,246,146.00	485,000.00	1.10
Livestock disease control {0108033060}	84,016,050.00	371,000.00	0.44
Farm land utilization, mechanization & crop storage {0107033060}	54,758,860.00	5,366,800.00	9.80
Agricultural extension, research & training. {0107023060}	4,525,000.00	218,800.00	4.84
Total	**430,740,688.00**	**48,084,184.00**	**11.16**
Land, Environment, Mining and natural resources			
0102053060 (General administration and Support services	38,026,033.00	1,386,280.00	3.65
0102063060 (Personnel Services)	26,941,639.00	11,224,027.00	41.66
'0102073060 ()	-	-	-
0104013060 (Physical development plans)	48,900,000.00	-	-
0105013060 (Establishment of squatter settlement schemes	30,600,000.00	51,625.00	0.17
0106023060 (County Environmental Awareness Initiative)	3,100,000.00	-	-
0901023060 ()	100,000.00	-	-
TOTAL	**147,667,672.00**	**12,661,932.00**	**8.57**
Medical and Public Health Services			

Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Absorption Rate (%)
	A	B	D=B/A*100
Finance and Economic Planning			
General Administration(0403013060)	96,994,205.00	9,524,168.00	9.82
Medical Drugs(0402043060))	460,765,641.00	97,361,442.00	21.13
Personnel Services(0403053060)	1,539,070,289.00	436,841,568.00	28.38
Msambweni Hospital (0405013060)	68,524,755.00	10,202,495.00	14.89
Kinango Hospital(0406013060)	28,147,000.00	4,302,003.00	15.28
Kwale Hospital(0407013060)	36,049,406.00	2,930,557.00	8.13
Tiwi Rural Health Facility(0408013060)	7,340,000.00	932,500.00	12.70
Samburu Hospital(0409013060)	15,565,000.00	1,936,711.00	12.44
Lungalunga Hospital(0410013060)	25,449,510.00	4,269,398.00	16.78
Public Health(0401053060)	5,839,657.00	294,250.00	5.04
Rural Health Facilities(0412013060)	321,747,351.00	6,361,179.00	1.98
Diani Health Centre(0413013060)	2,615,000.00	-	-
Maternal New Born And Child Health(0401023060)	-	-	-
Total	**2,608,107,814.00**	**574,956,271.00**	**22.04**
County Assembly			
Audit Services (0704013060)	301,291,321.00	47,694,378.85	15.83
General Administration and Support Services (0704043060)	239,250,926.00	2,726,600.00	1.14
Oversight and legislation of county affairs	233,388,626.00	957,685.00	0.41
Total	**773,930,873.00**	**51,378,663.85**	**6.64**
Trade,Investment and Co-operative Development			
Administration services(0305023060)	9,331,778.00	1,011,848.00	10.84
Construction of new markets(0306023060)	39,041,768.00	377,544.00	0.97
Weights & Measures	3,384,950.00	437,900.00	12.94
Trade Development and Investment	7,463,746.00	296,675.00	3.97
Other Current Transfers(0306023060)	-	-	-
Personnel Services (305013060)	32,127,590.00	11,113,617.00	34.59
Cooperative Development	9,219,050.00	181,712.00	1.97
Industry & Enterprise Development	22,989,934.00	24,269.00	0.11
TOTAL	**123,558,816.00**	**13,443,565.00**	**10.88**
Community Development			
Administration (0906023060}	51,736,605.00	10,280,897.25	19.87
Community Development (0903013060)	70,264,786.00	990,540.00	1.41
Culture And Heritage (0904013060)	16,416,925.00	6,500.00	0.04
Sports And Talent Management (0905023060)	88,541,477.00	336,600.00	0.38
Total	**226,959,793.00**	**11,614,537.25**	**5.12**
Executive Services			
704003068(Office of Governor&Deputy Governor)	112,602,749.00	9,063,381.00	8.05
707003068(Directorate of Communication)	9,692,521.00	3,556,480.00	36.69
TOTAL	**122,295,270.00**	**12,619,861.00**	**10.32**
Education			
Personnel Services (0502023060)	432,083,678.00	178,808,737.00	41.38
Scholarship and Bursary (0504013060)	400,000,000.00	85,000,000.00	21.25
Adminstration Planning support service (0502013060)	13,318,914.00	2,434,586.00	18.28
Infrastructure development (0503023060) & (0501043060)	-	-	-
Youth Training Development(0503013060)	99,459,000.00	-	-
Early ChildHood Development (0501043060)	464,709,017.00	-	-
Total	**1,409,570,609.00**	**266,243,323.00**	**18.89**
Water Services			

Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Absorption Rate (%)
	A	B	D=B/A*100
Finance and Economic Planning			
Construction & Maintenance of water pipeline supply systems (1001023060)	159,900,000.00	-	-
Development of Borehole water supply system (1001033060)	150,170,652.00	-	-
Development/Costruction of surface water supply systems (1001043060)	148,320,904.00	-	-
Community Water Project (1001063060)	31,816,560.00	-	-
Personnel Services (1002013060)	35,426,928.00	9,798,711.00	27.66
Administration Services (1002023060)	49,560,004.00	6,384,250.00	12.88
TOTAL	**575,195,048.00**	**16,182,961.00**	**2.81**
Roads and public Works			
Administration Services (0305023060)	75,951,095.00	10,913,333.80	14.37
Rehabilitations of Roads,Drainage and bridges (0202013060)	382,507,779.00	-	-
Personnel Services (0305013060)	67,225,905.00	17,499,300.00	26.03
Installation of Street Lighting Facilities (0203013060)	91,287,050.00	-	-
TOTAL	**616,971,829.00**	**28,412,633.80**	**4.61**
Tourism and ICT			
Personnel services {0305013060}	20,921,809.00	5,748,180.00	27.47
Admnistration services {0305023060}	11,209,711.00	583,612.00	5.21
Local area network installation and ict support {0308013060}	28,494,279.00	43,500.00	0.15
Tourism Promotion {0304013060}	29,041,655.00	228,640.00	0.79
TOTAL	**89,667,454.00**	**6,603,932.00**	**7.36**
Public Service Board			
Human Resource Planning (706013060)	14,714,312.00	1,962,977.50	13.34
Transformation Of Service Delivery In Public Service (706023060)	5,000,000.00	414,700.00	8.29
Compensation To Employees (706043060)	29,298,166.00	5,862,128.50	20.01
Human Resource Planning (706053060)	4,000,000.00	-	-
Staff Rationalization (706063060)	2,281,505.00	-	-
TOTAL	**55,293,983.00**	**8,239,806.00**	**14.90**
Public Service &Administration			
General Administration (704003074)	216,886,795.00	59,689,097.40	27.52
County compliance and enforcement (708003074)	6,685,200.00		-
Coordination Of County Policy Formulation (712003074)	39,070,736.00		-
County garbage and Cleaning Services (713003074)	10,474,445.00		-
Human Resource Mgt (714003074)	10,600,000.00		-
TOTAL	**283,717,176.00**	**59,689,097.40**	**21.04**
Kwale Municipality			
0102063060 (Personnel)	1,749,685.00	-	-
0111013060 (kwale municipality)	46,304,140.00	410,850.00	0.89
TOTAL	**48,053,825.00**	**410,850.00**	**0.85**
Diani Municipality			
0102063060 (Personnel)	2,099,622.00	-	-
0112013060 (Diani municipality)	54,224,616.00	133,050.00	0.25
TOTAL	**56,324,238.00**	**133,050.00**	**0.24**
Grand Total	**8,580,585,516.00**	**1,169,275,417.60**	**13.63**

Source: *Kwale County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Personnel Services in the Department of Education at 41.4 per cent, directorate communication in the Department of Executive Services at 36.7 per cent, personnel services in the Department of Trade at 34.6 per cent, and personnel services in the department of health and medical services at 28.4 per cent of budget allocation.

3.20.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.47.59 million against an annual projection of Kshs.315 million, representing 15.1 per cent of the annual target.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the County Assembly Car Loan and Mortgage Fund and Emergency Fund for the period under review were not submitted to the Controller of Budget.
3. High level of pending bills which amounted to Kshs.421.10 million as of 30th September 2022. This is despite the availability of cash in the CRF which stood at Kshs.148.33 million at the end of the First Quarter of FY 2022/23.
4. Failure to appropriate unspent cash balances from FY 2021/22 which was Kshs.1.13 billion.

The County should implement the following recommendations to improve budget execution;

1. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
4. *The County should regularise the expenditure by appropriating the unspent balances from the previous financial year through the passage of a supplementary budget.*

3.21 County Government of Laikipia

3.21.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.6.92 billion, comprising Kshs.2.41 billion (34.7 per cent) and Kshs.4.52 billion (65.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 19.3 per cent compared to the previous financial year when the approved budget was Kshs.8.57 billion and comprised of Kshs.3.81 billion towards development expenditure and Kshs.4.76 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.14 billion (72.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.3 billion (18.2 per cent) from its own sources of revenue, a cash balance of Kshs.25.83 million (0.4 per cent) from FY 2021/22. The County also expects to receive Kshs.645.9 million (9.1 per cent) as conditional grants, which consist of Kenya Climate Smart Agriculture Project Kshs.349.96 million, Climate Action Programme Kshs.125 million, DANIDA Kshs.8.8 million and Kshs.8.93 million for Agricultural Sector Development Support Programme. The cash balance from the financial year comprises Special Purpose Accounts Balances of Kshs.20.21 million and CRF balance of Kshs.5.57 million at the beginning of the financial year.

3.21.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.847.48 million as the equitable share of the revenue raised nationally, raised Kshs.147.06 million as own-source revenue and had a cash balance of Kshs.25.83 million from FY 2021/22. The County did not receive any conditional grants during the reporting period. The total funds available for budget implementation during the period amounted to Kshs.1.02 billion, as shown in Table 3-95.

Table 3-95: Laikipia County, Revenue Performance in the First Quarter of FY 2022/23

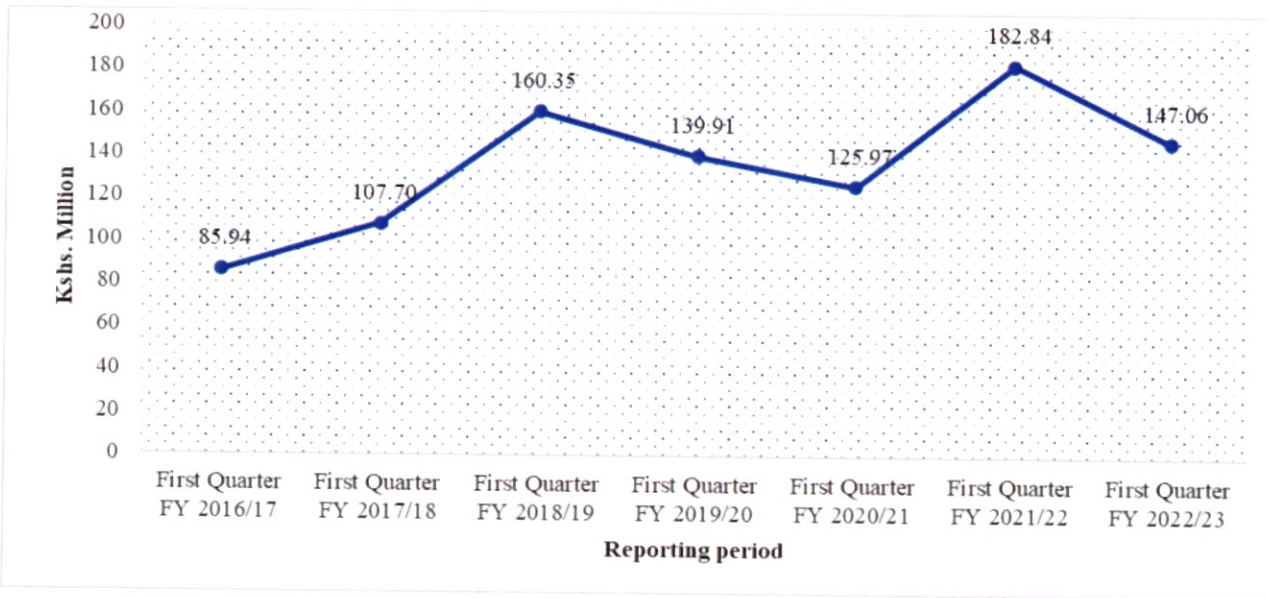
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,136,265,679	847,483,837	16.5
Sub Total		**5,136,265,679**	**847,483,837**	**16.5**
B	**Conditional Grants**			
1	Kenya Climate Smart Agriculture	349,961,100	-	
2	DANIDA	8,804,400	-	
3	Agriculture Sector Development Support Programme (ASDSP)	8,926,197	-	
4	Climate action programme	125,000,000	-	
5	Leasing of Medical Equipment	153,297,872	-	
Sub-Total		**645,989,569**	**0**	**0**
C	**Other Sources of Revenue**			
1	Own Source Revenue	1,295,719,999	147,062,178	11.35
2	Balance b/f from FY2021/22	-	25,825,739	-
Sub Total		**1,295,719,999**	**172,887,917**	**13.34**
Grand Total		**7,077,975,247**	**1,020,371,754**	**14.4**

Source: Laikipia County Treasury

The County did not receive any conditional grants in the First Quarter of FY 2022/23.

Figure 3-57 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

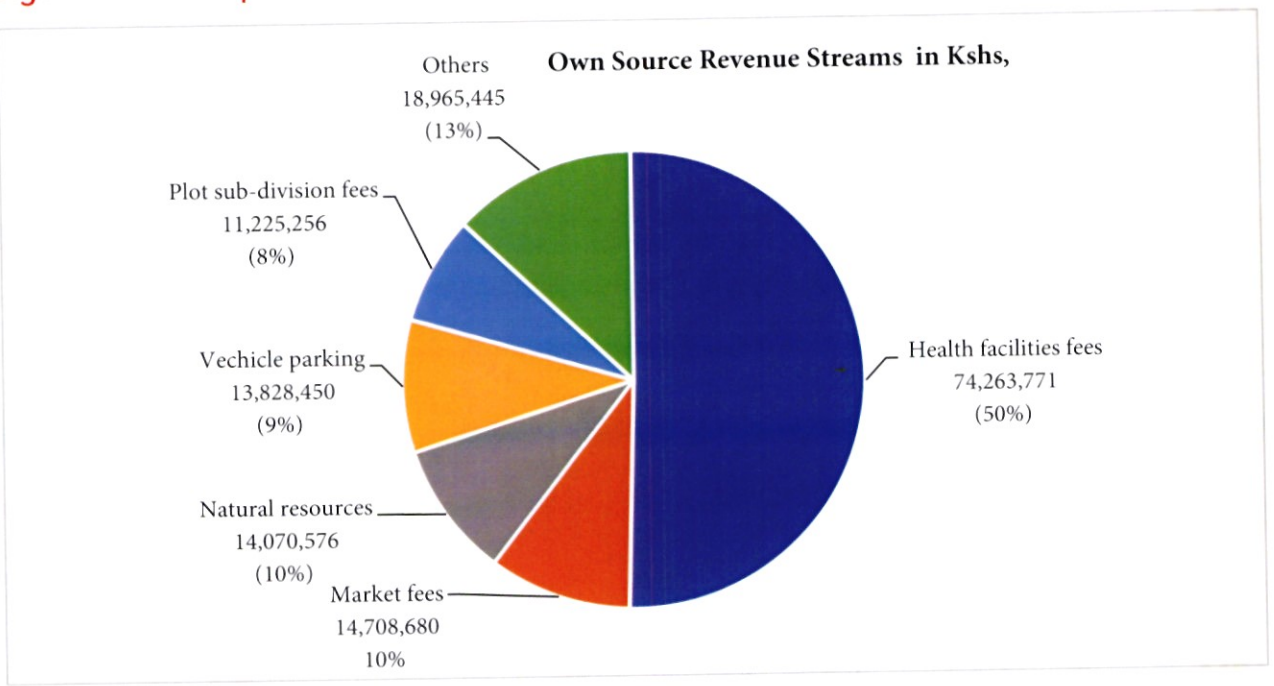
Figure 3-57: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Laikipia County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.147.06 million as own-source revenue. This amount represented a decrease of 19.6 per cent compared to Kshs.182.84 million realised in a similar period in FY 2021/22 and was 11.4 per cent of the annual target and 17.4 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-58.

Figure 3-58: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: LaikipiaCounty Treasury

The highest revenue stream was from Health Facilities fee of Kshs.74.3million, which contributed to 50 per cent of the OSR collected in the first quarter of FY 2022/23.

3.21.3 Exchequer Issues

The Controller of Budget approved Kshs.844.53 million in withdrawals from the CRF account during the reporting period comprising of Kshs.13.55 million for development programmes and Kshs.830.98 million for recurrent activities. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.739.54 million for compensation to employees, Kshs.91.45 million for Operations and Maintenance expenditure and Kshs.13.55 million for development programmes

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.565.82 million.

3.21.4 County Expenditure Review

The County spent Kshs.822.22 million on development and recurrent programmes during the reporting period. This expenditure represented 97.4 per cent of the total funds released by the CoB and comprised Kshs.2.3 million and Kshs.819.92 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.1 per cent, while recurrent expenditure represented 18.1 per cent of the annual recurrent expenditure budget.

3.21.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.1.35 billion, which comprised Kshs.798.46 million for recurrent expenditure and Kshs.556.65 million for development activities. During the period under review, the county did not pay any pending bills.

3.21.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.703.65 million on employee compensation, Kshs.51.78 million on operations and maintenance, and Kshs.3.8 million on development activities. Similarly, the County Assembly spent Kshs.35.89 million on employee compensation and Kshs.27.1 million on operations and maintenance as shown in Table 3-96.

Table 3-96: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**3,856,704,047**	**662,869,078**	**755,426,980**	**62,991,244**	**19.6**	**9.5**
Compensation to Employees	3,048,099,241	237,719,045	703,645,669	35,891,637	23.1	15.1
Operations and Maintenance	808,604,806	425,150,033	51,781,311	27,099,607	6.4	6.4
Development Expenditure	**2,302,104,250**	**103,000,000**	**3,800,000**	-	**0.2**	-
Total	**6,158,808,297**	**765,869,078**	**759,226,980**	**62,991,244**	**12.3**	**8.2**

Source: Laikipia County Treasury

3.21.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs. 739.54 million was 72.5 per cent of the realised revenue of Kshs.1.02 billion and included Kshs.451.12 million attributable to the health sector, which translated to 61 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.602.86 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.136.68 million. The manual payroll amounted to 18.5 per cent of the total P.E costs and was caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly spent Kshs.1.44 million on committee sitting allowances for the 21 MCAs and the Speaker against the annual budget allocation of Kshs.51 million, which was 0.4 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.22,905 per MCA. The County Assembly has established 22 Committees. There were no bills or policy documents processed.

3.21.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.20 million to the Emergency Fund and Kshs.561.58 million to the other county-established funds in FY 2022/23, which constituted 8.4 per cent of the County's overall budget for the year. Table 3-97 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-97: Performance of County Established Funds as of 30th September 2022

	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No)	Absorption (%)
		A	B	C	D	C/A*100
County Executive Established Funds						
1	Leasing Fund	420,000,000	-	-	No	-
2	Co-operative Fund	-	-	-	No	-
3	Enterprise Fund	20,000,000	-	-	No	-
4	Emergency Fund	20,000,000	-	-	No	-
5	Laikipia county Executive Car & Mortgage	-	-	-	-	-
6	Bursary Fund	52,200,000	-	-		-
County Assembly Established Funds						
7	Laikipia County Assembly Staff Car & Mortgage Fund	9,375,000	-	-	Yes	-
8	Laikipia County Assembly Members Car & Mortgage Fund	60,000,000	-	-	Yes	-
	Total	**581,575,000**	-	-		-

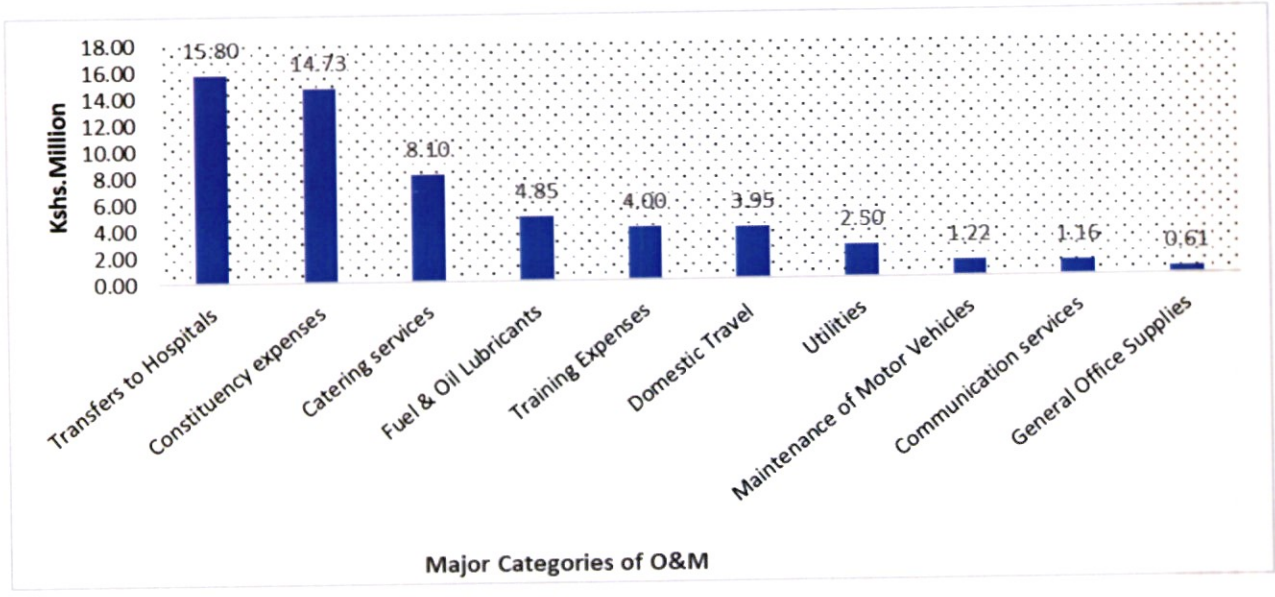
Source: Laikipia County Treasury

The OCoB did not receive quarterly financial returns from Fund Administrators of 6 funds as indicated inTable 3-97, which is against the requirement of Section 168 of the PFM Act, 2012.

3.21.9 Expenditure on Operations and Maintenance

Figure 3-59 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-59: Laikipia County, Operations and Maintenance Expenditure by Major Categories



Source: *Laikipia County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.3.95 million and comprised of Kshs.0.72 million spent by the County Assembly and Kshs.3.23 million by the County Executive.

3.21.10 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.2.3 million on development programmes, representing a decrease of 93.5 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.58.94 million. The County spent the entire amount of Kshs.2.3 million on Fuel and Oil lubricants for heavy machinery used in road construction.

3.21.11 Budget Performance by Department

Table 3-98 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-98: Laikipia County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Administration Services	3,292.59	58.54	753.45	-	717.83	-	95.3	-	21.8	-
Finance and Economic Planning	100.06	238.54	5.28	-	17.59	-	333.2	-	17.6	-
County Health & Public Health	321.84	442.66	11.13	-	19.20	-	172.5	-	6.0	-
Agriculture, Livestock & Fisheries	19.63	404.26	-	11.25	-	-	-	-	-	-
Infrastructure, Physical Planning & Lands	7.54	753.20	-	1.30	-	1.30	-	100.0	-	0.2
Education, Sports & Social Services	95.80	63.88	-	-	1.50	-	-	-	1.6	-
Trade & Industrialization	8.22	96.00	-	-	-	-	-	-	-	-
Water Services	1-2	239.02	-	1.00	0.80	1.00	-	100.0	8.0	0.4
County Assembly	662.87	103.00	61.12	-	62.99	-	-	-	9.5	-
Rumuruti Municipality	1.00	6.00	-	-	-	-	-	-	-	-
TOTAL	**4,519.57**	**2,405.10**	**830.98**	**13.55**	**819.92**	**2.30**	**98.7**	**17.0**	**18.1**	**0.1**

Source: *Laikipia County Treasury*

Analysis of expenditure by department shows that the Department of Water recorded the highest absorption rate of development budget at 0.4 per cent, followed by the Department of Infrastructure, Physical Planning & Lands at 0.2 per cent. The Department of Administration had the highest percentage of recurrent expenditure to budget at 21.8 per cent.

3.21.12 Budget Execution by Programmes and Sub-Programmes

Table 3-99 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-99: Laikipia County, Budget Execution by Programmes and Sub-Programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs.)**	**Actual Payments (Kshs.)**	**Variance (Kshs.)**	**Absorption (%)**
Education					
General Administration & Planning services	Personnel services	2,000,000	500,000	1,500,000	25.0
	Administration Services	6,000,000	500,000	5,500,000	8.3
Vocational Training Institutes.	Vocational Training Institutes.	34,000,000	0	34,000,000	-
Collaboration with Stakeholders	Collaboration with Stakeholders.	3,500,000	0	3,500,000	-

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs.)**	**Actual Payments (Kshs.)**	**Variance (Kshs.)**	**Absorption (%)**
Gender Culture and Social Services.	Gender Culture and Social Services.	7,878,948	500,000	7,378,948	6.3
Youth and Sports.	Youth & Sports	13,000,000	0	13,000,000	-
Education & Library Services	Education and Library Services.	84,200,000	0	84,200,000	-
Talent Development Services	Child care & rehabilitation	8,603,136	0	8,603,136	-
	Talent Development	500,000	0	500,000	-
Sub-total		**159,682,084**	**1,500,000**	**158,182,084**	**0.9**
County Assembly					
General Administration & Planning Services	Administration services	397,721,447	37,794,746	359,926,700	9.5
Legislative & Oversight	Legislation & Oversight Services	265,147,631	25,196,498	239,951,134	9.5
Infrastructure improvement services	County Assembly Infrastructure improvement	103,000,000	-	103,000,000	0.0
Sub-total		**765,869,078**	**62,991,244**	**702,877,834**	**8.2**
County Health Services					
Curative & Rehabilitative Health	Health Infrastructure Development	200,000,000	-	200,000,000.00	-
	Health Products & Technologies Support	156,000,000	-	156,000,000.00	-
	Emergency Referral & Rehabilitative Service	308,260,604	13,278,564	294,982,040.00	4.31
General Administration & Planning Services	Essential Health Institutions & Services	30,000,000	1,981,264	28,018,736.00	6.60
	Administrative, Project Planning & Implementation Services	-	-	-	-
	Human Resource Development	10,000,000	1,541,063	8,458,937.00	15.41
	Health Policy, Governance, Planning & Financing	6,000,000	-	6,000,000.00	-
	Health Information Standards & Quality Assurance	7,000,000	-	7,000,000.00	-
	Community Health Strategy, Advocacy & Surveillance	26,236,000	2,000,000	24,236,000.00	7.62
Preventive Health Services	Family Planning, Maternal & Child Health Services	8,000,000	400,000	7,600,000.00	5.00
	Non-Communicable Diseases Control & Prevention	3,000,000	-	3,000,000.00	-
	Public Health Promotion & Nutrition Services	5,000,000	-	5,000,000.00	-
	TB/HIV/AIDS Prevention & Control	5,000,000	-	5,000,000.00	-
Sub-total		**764,496,604**	**19,200,891**	**745,295,713.00**	**2.51**
Infrastructure, Physical Planning & Lands					
General Administration and Planning Services	Administration Services	5,000,000	-	5,000,000	0.0
	Planning and Financial Management	0	0	0	0.0

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs.)**	**Actual Payments (Kshs.)**	**Variance (Kshs.)**	**Absorption (%)**
Financial Services	County Treasury administrative services	66,062,522	-	66,062,522	0.0
Land and Housing Management	Housing Policy Development	7,400,000	-	7,400,000	0.0
Public Works Service Delivery Improvement	County Building Construction Standard	3,000,000	0	3,000,000	0.0
Renewable /Green Energy Services	County renewable/green energy services	22,500,000	0	22,500,000	0.0
Roads Network Improvement Housing and Urban Development	Road Network improvement	381,772,935	1,300,000	380,472,935	0.3
	Road network maintainance	0	-	0	0.0
	Heavy equipment Maintenance	5,000,000	0	5,000,000	0.0
	Urban Development	0	0	0	0.0
Critical Infrastructure rehabilitation and Construction	Inter ward bridge costruction program	0	0	0	0.0
Administration and Support Services	Managed Specialised equipment and Vehicles	270,000,000	0	270,000,000	0.0
Physical Planning and Survey	Survey and Planning services	0	0	0	0.0
	Land Management services	0	0	0	0.0
Sub-total		**760,735,457**	**1,300,000**	**759,435,457**	**0.2**
Trade, Tourism & Cooperatives					
General Administration & Planning services	Administration Services	4,000,000	-	4,000,000	0.0
	Personnel Services	1,000,000	-	1,000,000	0.0
	Pending bills	3,000,000	-	3,000,000	0.0
Co-operative Development and promotion	Co-operative Development and promotion	1,715,450	-	1,715,450	0.0
	Research & Development	-	-	-	0.0
	Revolving Fund	500,000	-	500,000	0.0
Trade & Investments	Market Infrastructure Development/Trade Promotion Services	93,000,000	-	93,000,000	0.0
	Market Infrastructure Development	-	-	-	0.0
	Meteological Lab-weignts and measures	500,000	-	500,000	0.0
Toursim Development & Promotion	Tourism Promotion and Marketing	500,000	-	500,000	0.0
	Tourisim Infrastructural Development	0	-	-	0.0
Sub-total		**104,215,450**	-	**104,215,450**	**0.0**
County Administration Services					
Human Capital Management & Development	Compensation to employees	3,223,299,241	703,645,669	2,519,653,572	21.8
	County Public Service Board	20,900,000	440,000	20,460,000	2.1

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs.)**	**Actual Payments (Kshs.)**	**Variance (Kshs.)**	**Absorption (%)**
County Administration Services	Headquarter Administration Services	1,994,698	522,349	1,472,349	26.2
	ICT Infrastructure & Connectivity	3,800,000	165,000	3,635,000	4.3
	County Administration Services	3,000,000	450,000	2,550,000	15.0
	County services delivery and result reporting	1,000,000	600,000	400,000	60.0
	Car & Mortgage	-	-	0	0.0
	Decentralised Services	5,000,000		5,000,000	0.0
	Executive Support Service	23,800,000	7,259,571	16,540,429	30.5
	Grants & Transfers	0	0	0	0.0
	Urban Facilities Management	49,900,000	2,500,000	47,400,000	5.0
	Legal Services	2,300,000	-	2,300,000	0.0
Security & Policing Services	Disaster Reduction Management	1,642,860	-	1,642,860	0.0
	Enforcement and Disaster Management	1,000,000	200,000	800,000	20.0
	Alcohol Control Committee	1,000,000	250,000	750,000	25.0
	Intergovernmental & Donor Relations	3,500,000	975,000	2,525,000	27.9
	Fire Services	7,500,000	375,000	7,125,000	5.0
Public Participation & Civic Education	Public participation	1,500,000	450,000	1,050,000	30.0
Sub-total		**3,351,136,799**	**717,832,589**	**2,633,304,210**	**21.4**
Water, Environment & Natural Resources					
Water Development	Rural water supply and sanitation	94,524,255	-	94,524,255	-
General Administration & Support Services	Administrative and Planning Services	5,231,689	0	5,231,689	-
	Motor vehicle maintenance and fuel provision	4,787,900	800,000	3,987,900	16.7
Environment & Natural Resources	Solid Waste Management	13,500,000	1,000,000	12,500,000	7.4
	Human-Wildlife Conflict Prevention	2,000,000	0	2,000,000	-
	Natural Resources Management	2,000,000	0	2,000,000	-
	Climate Change Adaptation & Mitigation	126,000,000	0	126,000,000	-
	Intergrated land rehabilitation	1,000,000	0	1,000,000	-
Sub-total		**249,043,844**	**1,800,000**	**247,243,844**	**0.7**
Agriculture, Livestock & Veterinary					
Headquarter Services	Headquarter Administration Services	52,006,320	0	52,006,320	-
	Agriculture Sector Extension Management	8,926,197	-	8,926,197	-

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs.)**	**Actual Payments (Kshs.)**	**Variance (Kshs.)**	**Absorption (%)**
Livestock Production	Livestock Resource Development and Management	3,000,000	-	3,000,000	-
	Livestock Marketing and Value Addition	-	-	0	-
Crop production & Horticulture	Land and Crop Productivity Enhancement and Management	4,000,000	0	4,000,000	-
	Strategic Food Security Service	-	0	0	-
	Agribusiness and Information Management	-	0	0	-
	Standards and Quality Assurance	-	0	0	-
	Climate Change Adaptation & Mitigation	349,961,100	-	349,961,100	-
Veterinary Services	Animal Health and Disease Management	3,500,000	-	3,500,000	-
Fisheries Services	Fisheries Development and Management	2,500,000	-	2,500,000	-
Sub-total		**423,893,617**	**0**	**423,893,617**	-
Finance & Economic Planning					
General Administration & Planning Services	Headquarter administration services	30,102,772	2,293,000	27,809,772	7.6
Administration, Planning & Support Services	Personnel Services	2,300,000	2,161,875	138,125	94.0
	General Administration Services	12,836,124	300,000	12,536,124	2.3
	Infrastructural Services	186,650,778	500,000	186,150,778	0.3
Public Finance Management Services	Internal Audit Services	8,008,222	2,680,500	5,327,722	33.5
	Enterprise & Innovation	33,000,000	4,600,000	28,400,000	13.9
	Revenue collection services	4,600,000	2,000,000	2,600,000	43.5
	County Emergency Fund	20,000,000	-	20,000,000	0.0
	Supply chain management services	2,813,518	405,000	2,408,518	14.4
Development Planning Services	Monitoring and Evaluation Services	1,903,908	250,000	1,653,908	13.1
	Strategic Partnership & Collaboration	28,000,000	-	28,000,000	0.0
	Research, Statistics & Documentation	434,875	-	434,875	0.0
	Participatory Budgeting	7,954,245	2,403,125	5,551,120	30.2
Sub-total		**338,604,442**	**17,593,500**	**321,010,942**	**5.2**
Rumuruti Municipality					
General Administration and Planning Services	Administration Services	1,000,000	-	1,000,000	0
Roads Network Improvement Housing and Urban Development	Road Network improvement	6,000,000	-	6,000,000	0
Sub-Total		**7,000,000**	-	**7,000,000**	**0.0**
GRAND TOTAL		**6,924,677,375**	**822,218,224**	**6,102,459,151**	**11.9**

Source: *Laikipia County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Personnel services in the department of Finance & Economic Planning at 94 per cent, and Delivery & Results reporting in the Administration department at 60 per cent of budget allocation.

3.21.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Underperformance of own-source revenue at Kshs.147.06 million representing a decrease of 19.6 per cent compared to Kshs.182.84 million realised in a similar period in FY 2021/22 and was 11.4 per cent of the annual target.
2. Diversion of funds by the County Treasury and weak budgeting practice as shown in Table 3-98, where the County incurred expenditure over approved exchequer issues for the Health and Finance departments
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the CoB contrary to Section 168 of the PFM Act, 2012. The reports for the Enterprise Fund, Leasing, Emergency and Executive Car & Mortgage funds still need to be submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.1.35 billion as of 30th September, 2022. This is despite the availability of cash in the CRF, which stood at Kshs.565.82 million by the close of the First Quarter of FY 2022/23.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.136.68 million were processed through the manual payroll and accounted for 18.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

The County should implement the following recommendations to improve budget execution;

1. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the hiring of staff on contract terms and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.22 County Government of Lamu

3.22.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.3.7 billion, comprising Kshs.1.16 billion (31.4 per cent) and Kshs.2.54 billion (68.6 per cent) allocation for development and recurrent programmes respectively. The approved budget estimate is a decline of 13 per cent compared to the previous financial year when the approved budget was Kshs.4.25 billion and comprised of Kshs.1.63 billion towards development expenditure and Kshs.2.62 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.3.11 billion (84 per cent) as the equitable share of revenue raised nationally, generate Kshs.120 million (3.2 per cent) from own source of revenue and a cash balance of Kshs.310.11 million (8.4 per cent) from FY 2021/22. The County also expects to receive Kshs.161.83 million

(4.4 per cent) as conditional grants, which consist of Kshs.144.45 million as Kenya Climate Smart Agriculture Project (KCASP), Kshs.2.88 million as DANIDA and Kshs.14.5 million as Agricultural Sector Development Support Programme (ASDSP) II.

The cash balance from the previous financial year comprises of Kshs.10.37 million as Urban Intuitional Grant (UIG), Kshs.24.34 million as County Urban Development Grant (UDG), Kshs.92 million as recurrent balance and Kshs.183.4 million as development balance.

3.22.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.467.31 million as the equitable share of the revenue raised nationally, raised Kshs.8.95 million as own-source revenue, and had a cash balance of Kshs.1.03 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.51 billion, as shown in Table 3-100.

Table 3-100: Lamu County, Revenue Performance in the First Quarter of FY 2022/23

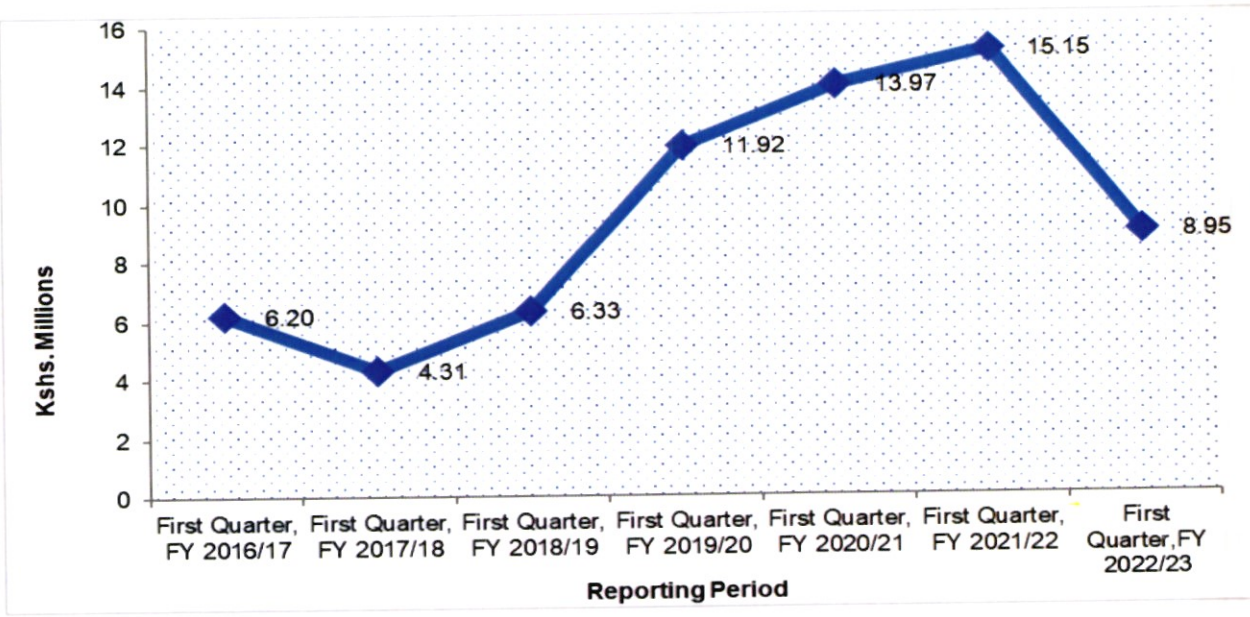
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	3,105,649,643	467,309,190	15
Sub Total		**3,105,649,643**	**467,309,190**	**15**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	120,000,000	8,951,607	7.5
2.	KCASP	144,452,636	-	-
3.	DANIDA	2,875,125	-	-
4.	ASSDP II	14,500,000	-	-
5.	Unspent balance from FY 2021/22	310,106,156	1,029,157,760	331.9
Sub Total		**591,933,917**	**1,038,109,367**	**175.4**
Grand Total		**3,697,583,560**	**1,505,418,557**	**40.7**

Source: Lamu County Treasury

The conditional grants were not released in the First Quarter of FY 2022/23.

Figure 3-60 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

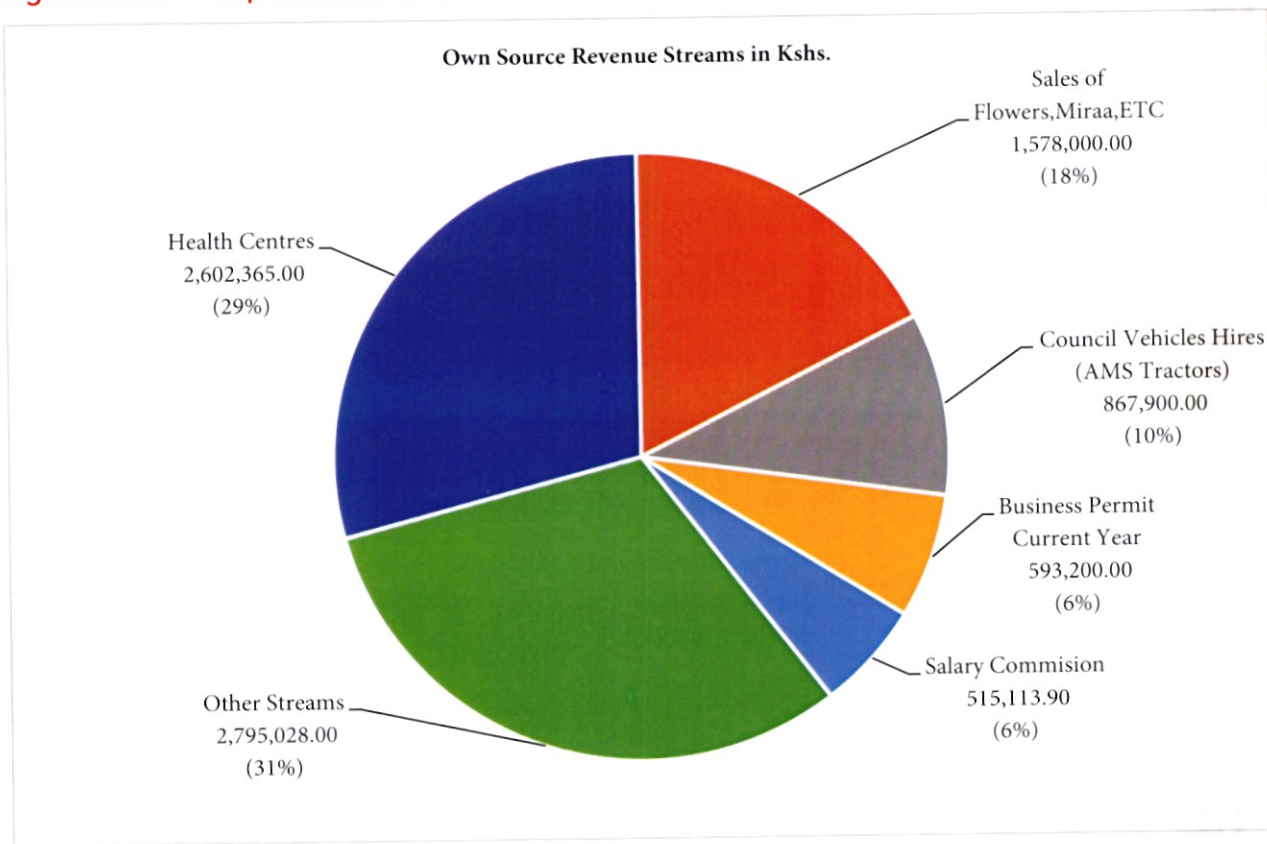
Figure 3-60: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Lamu County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.8.95 million as own-source revenue. This amount represented a decrease of 40.9 per cent compared to Kshs.15.15 million realised in a similar period in FY 2021/22 and was 7.5 per cent of the annual target and 1.9 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-61.

Figure 3-61: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Lamu County Treasury

The highest revenue stream was from Health Centre of Kshs.2.6million, which contributed to 29 per cent of the OSR collected in the first quarter of FY 2022/23.

3.22.3 Exchequer Issues

The Controller of Budget approved Kshs.499.36 million in withdrawals from the CRF account during the reporting period which was entirely for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.396.46 million for compensation to employees and Kshs.102.90 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.824.92 million.

3.22.4 County Expenditure Review

The County spent Kshs.449.48 million on development and recurrent programmes during the reporting period. This expenditure represented 90 per cent of the total funds released by the CoB and comprised Kshs.5.99 million and Kshs.443.49 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.5 per cent while recurrent expenditure represented 17.5 per cent of the annual recurrent expenditure budget.

3.22.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County reported the stock of pending bills of Kshs.73.08 million which comprised Kshs.60.05 million for recurrent expenditure and Kshs.13.02 million for development activities. The County did not settle any pending bills during the period under review.

3.22.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.385.27 million on employee compensation, Kshs.58.22 million on operations and maintenance, and Kshs.5.99 million on development activities. Similarly, the County Assembly spent Kshs.21.31 million on employee compensation and Kshs.4.09 million on operations and maintenance, as shown in Table 3-101.

Table 3-101: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**2,093,271,402**	**444,000,000**	**443,488,531**	**25,400,787**	**20.0**	**5.7**
Compensation to Employees	1,516,091,263	193,139,710	385,265,100	21,309,987	24.0	11.0
Operations and Maintenance	577,180,139	250,860,290	58,223,432	4,090,800	9.4	1.6
Development Expenditure	**1,016,312,158**	**144,000,000**	**5,992,514.00**	-	**0.6**	-
Total	**3,109,583,560**	**588,000,000**	**449,481,045**	**25,400,787**	**13.6**	**4.3**

Source: Lamu County Treasury

3.22.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.406.58 million was 27 per cent of the First Quarter realised revenue of Kshs.1.51 billion and included Kshs.214.9 million attributable to the health sector, which translated to 47.1 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.352.66 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.53.91 million. The manual payroll amounted to 13.3 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll

Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly spent Kshs.0.18 million on committee sitting allowances for the 18 MCAs and the Speaker against the annual budget allocation of Kshs.23.36 million which was 0.9 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.3,228 per MCA. The County Assembly were still in the process of establishing Committees, thus they have not yet processed any bills and policy documents.

3.22.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.3 million to the Emergency Fund and Kshs.162 million to other county-established funds in FY 2022/23, which constituted 4.5 per cent of the County's overall budget for the year. Table 3-102 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-102: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)	Absorption (%)
		A	B	C	D	C/A*100
Lamu County Executive Established Funds						
1.	Lamu County Bursary Fund	120,000,000	80,440,414	30,000,000	Yes	20%
2.	Emergency Fund	3,000,000	-	-	Yes	-
3.	Persons with Disabilities Fund	5,000,000	-	-	No	-
4.	Gender and Social Development Fund	5,000,000	-	-	No	-
5.	Youth Development Fund	5,000,000	-	-	No	-
Lamu County Assembly Established Funds						
6.	Assembly Car Loan and Mortgage	27,000,000	-	-	No.	
	Total	**165,000,000**	**80,440,414**	**30,000,000**		

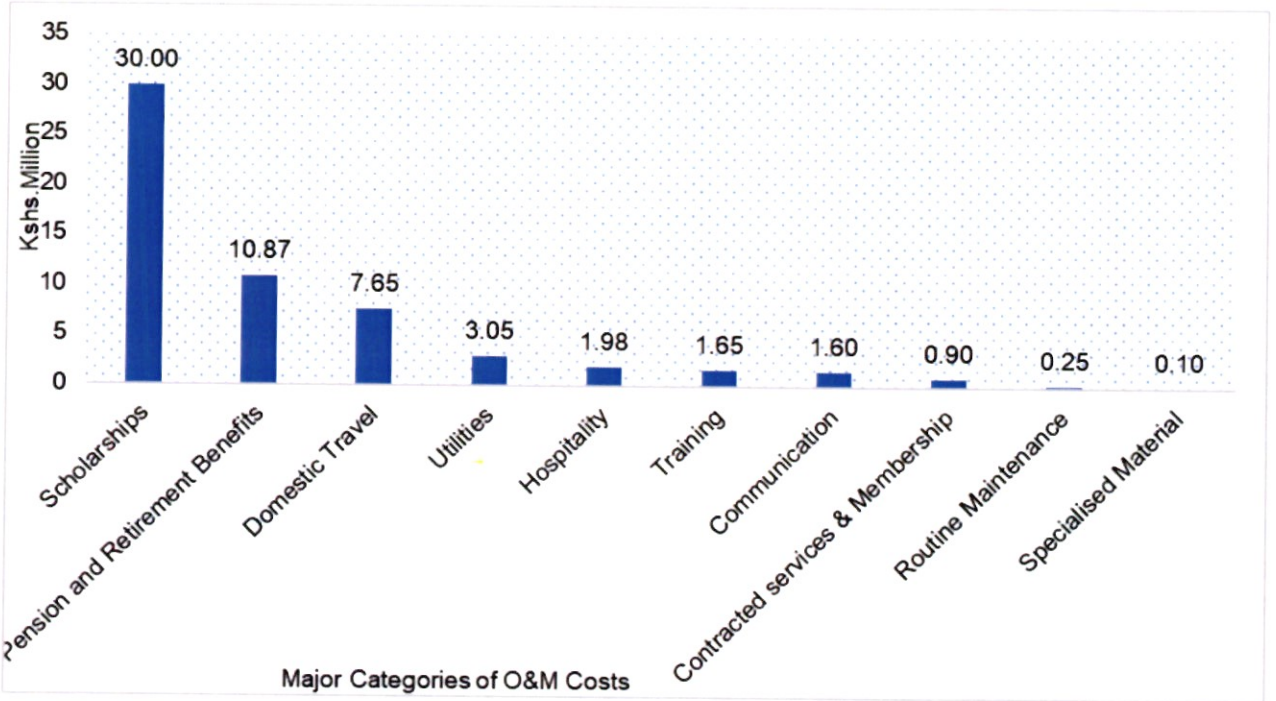
Source: *Lamu County Treasury*

The OCoB did not receive quarterly financial returns from 4 the Fund Administrators of funds as indicated in Table 3-102, this is against the requirement of Section 168 of the PFM Act, 2012?

3.22.9 Expenditure on Operations and Maintenance

Figure 3-62 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-62: Lamu County, Operations and Maintenance Expenditure by Major Categories



Source: *Lamu County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.7.65 million and comprised of Kshs.1.08 million spent by the County Assembly and Kshs.6.57 million by the County Executive.

3.22.10 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.5.99 million on development programmes, representing a decrease of 72.5 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.21.77 million. This expenditure was under the Department of Agriculture Livestock, Veterinary & Cooperative Development for the ASDSPII Grant.

3.22.11 Budget Performance by Department

Table 3-103 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-103: Lamu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	444.00	144.00	32.05	-	25.40	-	79.2	-	5.7	-
County Executive and PSM	294.56	72.50	50.06	-	47.14	-	94.2	-	16	-
Finance, Economy & Strategic Planning	101.26	-	19.04	-	21.28	-	111.7	-	21.0	
Agriculture Livestock, Veterinary & Cooperative Development	134.27	173.00	18.52	-	18.48	5.99	99.8	-	13.8	3.5
Land and Physical Planning	27.55	63.50	4.76	-	4.80	-	100.9	-	17.4	-
Education and Village Polytechnic	264.38	101.70	114.19	-	63.73	-	55.8	-	24.1	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Medical Services	955.06	226.00	205.19	-	206.38	-	100.6	-	21.6	-
Trade, Investment, Culture & Tourism	21.58	30.40	5.03	-	5.90	-	117.3	-	27.3	-
County Public Service Board	51.36	14.00	8.96	-	9.27	-	103.5	-	18.1	-
Water Management & Conservation	38.44	80.00	2.94	-	2.86	-	97.4	-	7.4	-
Gender, Youth Affairs, Sports, Culture & Social services	12.84	31.07	1.91	-	2.14	-	112.2	-	16.7	-
Public Health Environment & Sanitation	71.34	11.50	15.50	-	15.20	-	98.1	-	21.3	-
Fisheries Development	30.49	15.00	5.71	-	5.82	-	101.9	-	19.1	-
Budget and Economic Planning	19.50	-	3.15	-	2.98	-	94.4	-	15.3	
Infrastructure and Energy	30.31	158.30	4.57	-	4.52	-	98.9	-	14.9	-
Lamu Municipality	40.34	39.34	7.78	-	7.60	-	97.6	-	18.8	-
	2,537.27	**1,160.31**	**499.36**	-	**443.49**	**5.99**	**88.8**	-	**17.5**	**0.5**

Source: *Lamu County Treasury*

Analysis of expenditure by department shows that only the Department of Agriculture Livestock, Veterinary & Cooperative Development recorded expenditure on their development budget. The Department of Trade, Investment, Culture & Tourism had the highest percentage of recurrent expenditure to budget at 27.3 per cent while the Department of County Assembly had the lowest at 5.7 per cent.

The allocations for recurrent expenditure for the County Assembly and the County Executive are within the ceilings in CARA, 2022.

3.22.12 Budget Execution by Programmes and Sub-Programmes

Table 3-104 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-104: Lamu County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2022 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
1 County Assembly	**Sub Total**	**444,000,000**	**144,000,000**	**25,400,787**		**5.7**	0.0
P1. Administrative Services		232,959,120	40,000,000	14,810,494		6.4	0.0
P2. Legislation and Oversight		211,040,880	104,000,000	10,590,293		5.0	0.0
2 Executive	**Sub Total**		**72,500,000**	**47,138,560**		**16.0**	
P3 Administration services		294,562,437	72,500,000	47,138,560		**16.0**	
	Headquarters	252,292,737	72,500,000	46,077,660		18.3	
	Office of the Governor & Deputy Governor	42,269,700		1,060,900.		2.5	
3 Finance	**Sub Total**	**101,256,122**		**21,281,692**		**21.0**	
P11 Administration services	Headquarters	**92,028,002**		21,031,991		**22.9**	

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2022 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
P12 Control & management of Public Finance		**9,228,120**		249,701		**2.7**	
	B. Accounting services	6,787,501		183,661		2.7	
	C. Procurement	1,243,223		33,640		2.7	
	D. Resource Mobilization	517,394		14,000		2.7	
	E. Internal Audit	680,003		18,400		2.7	
4 Agriculture Livestock, Veterinary & Cooperative Development	**Sub Total**	**134,274,235**	**173,000,000**	**18,478,950**	**5,992,514**	**13.8**	**3.5**
P1. Administrative Services	Directorate of Agriculture & Extension Services	95,842,847		18,454,900		**19.3**	
P11: Livestock Extension Services	Livestock Improvement Programme	797,441	10,000,000	24,050		**3.0**	
P12 Veterinary Service Management	Veterinary Services	1,205,691	-	-		**0.0**	
P14: Cooperative Management	SP4.2: Cooperative Development	474,956	20,000,000	-	5,992,514	**0.0**	30
P16 Crop Development & Management	Plant disease control	35,953,300		-		**0.0**	
5 Land	**Sub Total**	**27,546,088**	**63,500,000**	**4,803,975.30**		**17.4**	
P1 Administration services	Headquarters	27,546,088		4,803,975		**17.4**	
P2 Land Management	Physical planning		63,500,000				
6 Education	**Sub Total**	**264,378,316**	**101,700,000**	**63,729,431**		**24.1**	
Administration Services	Headquarters	144,378,316		33,729,431		**23.4**	
Promotion of Early Childhood Education	Early Childhood Development	120,000,000	35,200,000	30,000,000		**25.0**	
P3 Sports & Youth Development	Sports & Youth Development		66,500,000				
7 Medical	**Sub Total**	**955,058,553**	**226,000,000**	**206,381,481**		**21.6**	
P1 Administration Services	SP:1.1 human resource management and development	834,555,865		203,386,061		**24.4**	
P2 Curative & Rehabilitative Services	SP:2.1 Primary health services	115,917,688	78,000,000	2,949,471		**2.5**	
P3 Preventive & Promotive Services	SP4 Preventive and Promotive Services-Headquarters	4,585,000	148,000,000	45,950		**1.0**	
8 Trade	**Sub Total**	**21,576,309**	**30,400,000**	**5,896,781**		**27.3**	
P1 Administration Services	SP1.1 Headquarters	19,404,263		5,745,581		29.6	
P2 Tourism Promotion	SP 2.1Tourism marketing and promotion	1,410,046	1,000,000	100,000		7.1	

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2022 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
P3 Trade Development	SP 3.3 Trade Investment	762,000	29,400,000	51,200		6.7	
9 County Public Service Board Sub Total		**51,355,325**	**14,000,000**	**9,271,741**		**18.1**	
P1 Administration Services	SP1.2 Personnel service	43,376,143	14,000,000	8,863,141		20.4	
P2 Human Resource Management	SP2.1 Headquarters	7,979,182		408,600		5.1	
10 Water	**Sub Total**	**38,441,238**	**80,000,000**	**2,858,629**		**7.4**	
P5 Water management, Conservation & Provision	SP5.1 Administration Services	38,441,238		2,858,629		7.4	
	SP5.2 Conservation & Provision		80,000,000	-			
11 Gender	**Sub Total**	**12,835,253**	**31,073,261**	**2,140,968**		**16.7**	
P1 Administration Services	SP1.Headquarters	**12,835,253**		2,140,968		16.7	
P3 Sports & Youth Development			**21,073,261**				
	Construction of Buildings		4,000,000				
	Other Capital Grants and Trans		5,000,000				
	Promotion of Sports		12,073,261				
P4 Social Services			**10,000,000**				
	Other Capital Grants and Trans		10,000,000				
12 Sanitation	**Sub Total**	**71,341,758**	**11,500,000**	**15,197,518**		**21.3**	
P1 Administration Services	SP1.Headquarters	**71,341,758**		15,197,518		21.3	
P4 Environmental health & Sanitation			**11,500,000**	-			
	Public Health & licencing		7,900,000				
	Waste management		3,600,000				
13 Fisheries	**Sub Total**	**30,494,312**	**15,000,000**	**5,816,496**		**19.1**	
P1 Administration Services	SP1.Headquarters	30,494,312		5,816,496		19.1	
P9 Fish farming	Purchase of Specialised Plant		15,000,000				
14 Budget	**Sub Total**	**19,503,138**		**2,977,122**		**15.3**	
P11 Administration services	SP1.1Headquarters	12,479,966		2,628,592		21.1	
P13 Economic planning	SP2.1 Budget & Economic planning	7,023,172		348,530		5.0	
15 Infrastructure	**Sub Total**	**30,306,450**	**158,300,000**	**4,517,428**		**14.9**	
Administration Services	Headquarters	30,306,450		4,517,428		14.9	
P4 Infrastructure Development			**158,300,000**				
	Access Roads		135,300,000				
	Bridges		18,000,000				

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th September 2022 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Other Infrastructure and Civil Works		5,000,000				
16 Municipality	**Sub Total**	**40,341,868**	**39,338,897**	**7,596,971**		**18.8**	
Administration	Headquarters	40,341,868		7,596,971		18.8	
P4 Infrastructure Development			**39,338,897**				
	Other Infrastructure and Civil Works		32,138,897				
	Purchase of Bicycles and Motorcycles		2,000,000				
	Purchase of Trucks and Trailers		5,200,000				
Grand Total		**2,537,271,402**	**1,160,312,158**	**443,488,531**	**5,992,514**	**17.5**	

Source: *Lamu County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Cooperative Development in the Department of Agriculture Livestock, Veterinary & Cooperative Development at 30 per cent. It was the only sub-programme that had expenditure during the First Quarter.

3.22.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The final report was submitted on 1st November, 2022.
2. The underperformance of own-source revenue at Kshs.8.95 million against an annual projection of Kshs.120 million, representing 7.5 per cent of the annual target.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.53.91 million were processed through the manual payroll and accounted for 13.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Persons with Disabilities Fund, Gender and Social Development Fund, Youth Development Fund, the County Assembly Car Loan & Mortgage Fund were not submitted to the Controller of Budget.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

3.23 County Government of Machakos

3.23.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.11.60 billion, comprising Kshs.3.51 billion (30.2 per cent) and Kshs.8.09 billion (69.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 11.4 per cent compared to the previous financial year when the approved budget was Kshs.13.09 billion and comprised of Kshs.4.04 billion towards development expenditure and Kshs.9.05 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.9.16 billion (79 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.69 billion (14.6 per cent) from its own sources of revenue and Kshs.133.49 million (1.2 per cent) as NHIF Reimbursements. The County also expects to receive Kshs.610.44 million (5.3 per cent) as conditional grants, which consist of the Leasing of Medical Equipment Kshs.110.64 million, Kenya Climate Smart Agriculture Project (KCSAP) Kshs.321.47 million, Universal Healthcare in Devolved System Program-DANIDA Kshs.16.34 million, Agriculture Sector Development Support Program-SIDA Kshs.9.32 million, Emergency Locust Response Project-World Bank Kshs.27.67 million and Credit to Finance Locally-Led Climate Change Action Programme (FLLoCA) – World Bank Kshs.125 million.

3.23.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.51 billion as the equitable share of the revenue raised nationally, raised Kshs.197.86 million as own-source revenue and had a cash balance of Kshs.174.82 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.88 billion, as shown in Table 3-57: Kiambu County, Revenue Performance in the First Quarter of FY 2022/23.

Table 3-105: Machakos County, Revenue Performance in the First Quarter of FY 2022/23

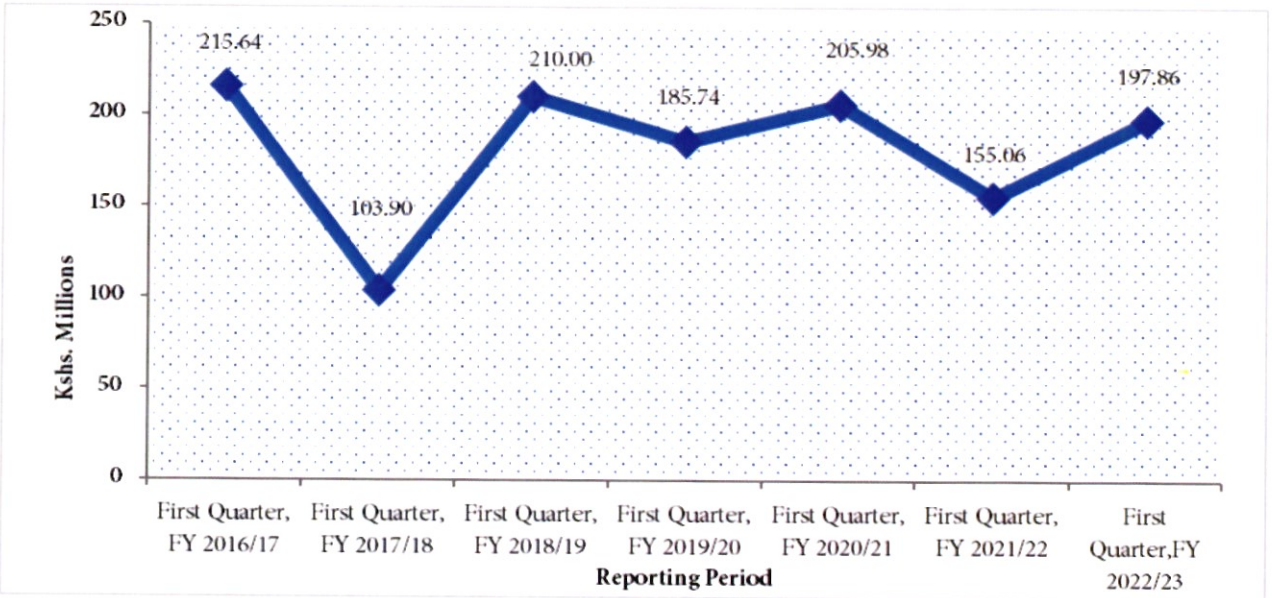
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,162,304,232	1,511,780,195	16.5
Sub Total		**9,162,304,232**	**1,511,780,195**	**16.5**
B	**Other Sources of Revenue**			
	Own Source Revenue	1,690,079,199	197,858,345	11.7
	Leasing of Medical Equipment	110,638,298	-	-
	Kenya Climate Smart Agriculture Project (KCSAP)-World Bank	321,468,007	-	-
	Universal Healthcare in Devolved System Program-DANIDA	16,341,500	-	-
	Agriculture Sector Development Support Program-SIDA	9,317,977	-	-
	Emergency Locust Response Project-World Bank	27,674,400	-	-
	Credit to Finance Locally-Led Climate Change Action Programme (FLLoCA) – World Bank	125,000,000	-	-
	Balance B/F from FY2021/22	-	174,817,505	Above 100
	NHIF Reimbursements	133,492,346	-	-
Sub Total		**2,434,011,727**	**372,675,849**	**20.4**
Grand Total		**11,596,315,959**	**1,884,456,044**	**16.3**

Source: Machakos County Treasury

The County did not factor balances brought forward from FY2021/22 in the approved budget, which makes actual funds available above 100 per cent. The County should regularise this through a supplementary budget to ensure that all funds are spent within the Machakos County Appropriation Act. There was no disbursement of conditional grants in the First Quarter of FY 2022/23.

Figure 3-63 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

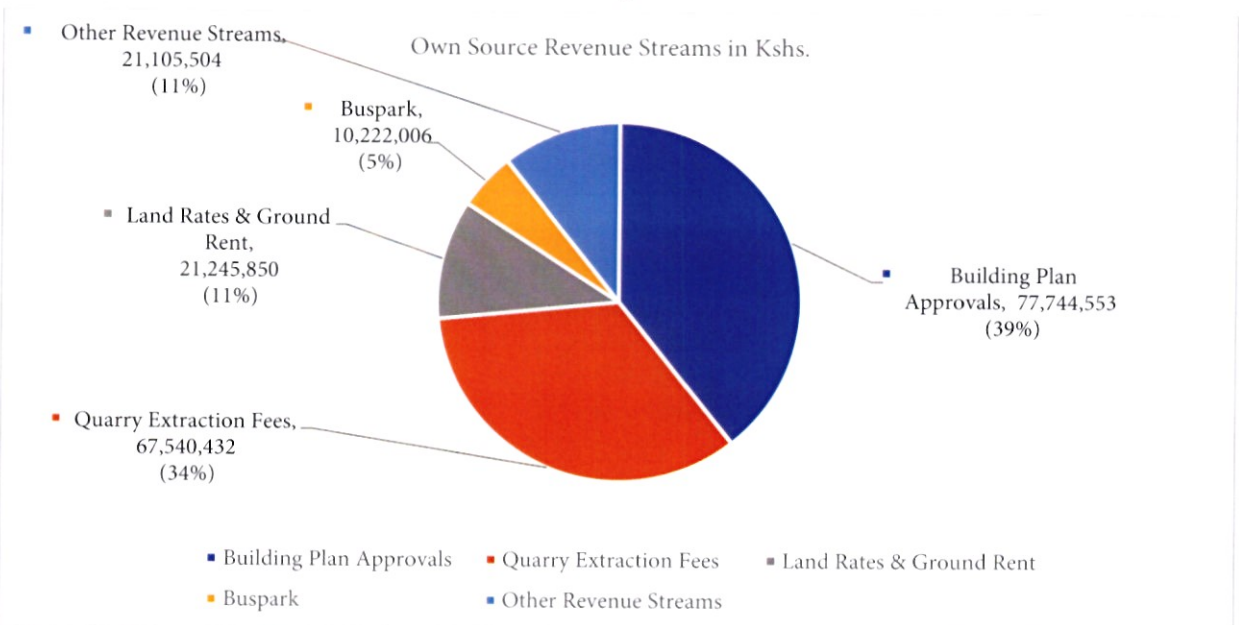
Figure 3-63: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Machakos County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.197.86 million as own-source revenue. This amount represented an increase of 27.6 per cent compared to Kshs.155.06 million realised in a similar period in FY 2021/22 and was 11.7 per cent of the annual target and 13.1 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-37: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23.

Figure 3-64: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Machakos County Treasury

The highest revenue stream was from Building Plan Approvals of Kshs.77.74 million, which contributed to 39 per cent of the OSR collected in the first quarter of FY 2022/23

The increase in OSR by 27.6 per cent can be attributed to the Rapid Response Initiative that focused on Mavoko quarries enforcement ensuring compliance along most of Mavoko roads. This demonstrates high potential within the County that is affected by high leakages of revenues. The Receiver of Revenue should therefore develop strategies based on lessons learnt during the initiative to sustain high revenue collection. The highest revenue stream was from Building plan approvals of Kshs.77.7 million, which contributed to 39

per cent of the OSR collected in the first quarter of FY 2022/23.

3.23.3 Exchequer Issues

The Controller of Budget approved Kshs1.26 billion in withdrawals from the CRF account during the reporting period. The amount comprised Kshs.12.28 million (1 per cent) for development programmes and Kshs.1.25 billion (99 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.1.03 billion for employee compensation, Kshs.218.81 million for Operations and Maintenance expenditure, and Kshs.12.28 million for development expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.623.07 million.

3.23.4 County Expenditure Review

The County spent Kshs.1.25 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.6 per cent of the total funds released by the COB and comprised Kshs.12.28 million and Kshs.1.24 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.4 per cent, while recurrent expenditure represented 15.4 per cent of the annual recurrent expenditure budget.

3.23.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.2.93 billion, comprising Kshs.1.95 billion for recurrent expenditure and Kshs.979.35 million for development activities. During the period under review, the pending bills on recurrent spending that amounted to Kshs.42.17 million were settled. Therefore, as of 30th September 2022, the outstanding pending bills were Kshs.2.88 billion.

3.23.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.946.70 million on employee compensation, Kshs.128.91 million on operations and maintenance, and Kshs.12.28 million on development activities. Similarly, the County Assembly spent Kshs.78.43 million on employee compensation and Kshs.87.98 million on operations, as shown in Table 3-58: Summary of Budget and Expenditure by Economic Classification.

Table 3-106: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**7,081,342,544**	**1,007,126,182**	**1,075,602,910**	**166,406,326**	**15.2**	**19.2**
Compensation to Employees	5,563,028,849	497,791,699	946,695,800	78,428,939	17	16.3
Operations and Maintenance	1,518,313,695	509,334,483	128,907,110	87,977,387	8.5	22.8
Development Expenditure	**3,189,347,234**	**318,500,000**	**12,279,602**	-	**0.4**	-
Total	**10,270,689,778**	**1,325,626,182**	**1,087,882,512**	**166,406,326**	**10.6**	**14.1**

Source: Machakos County Treasury

3.23.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.1.03 billion was 54.4 per cent of the realised revenue of Kshs.1.88 billion and included Kshs.715.69 million attributable to the health sector, which translated to 69.8 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.977.46 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.50.32 million. The manual payroll amounted to 4.9 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff and additional staff nominated by the state officers after the assumption of office who were yet to be assigned the UPN. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly spent Kshs.7.77 million on committee sitting allowances for the 60 MCAs and the Speaker against the annual budget allocation of Kshs.55 million, which was 9.9 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.42,465 per MCA.

3.23.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.202 million to county-established funds in FY 2022/23, constituting 1.8 per cent of the County's overall budget for the year. Table 3-59: Performance of County Established Funds as of 30th September 2022 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-107: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Bursary Fund	80,000,000	-	-	No
2.	Car loan Fund - Staff	10,000,000	-	-	No
County Assembly Established Funds					
3.	Mortgage loan Fund - Assembly-MCAs	72,000,000	-	-	No
4.	Mortgage loan Fund - Assembly-Staff	40,000,000	-	-	No
	Total	**202,000,000**			

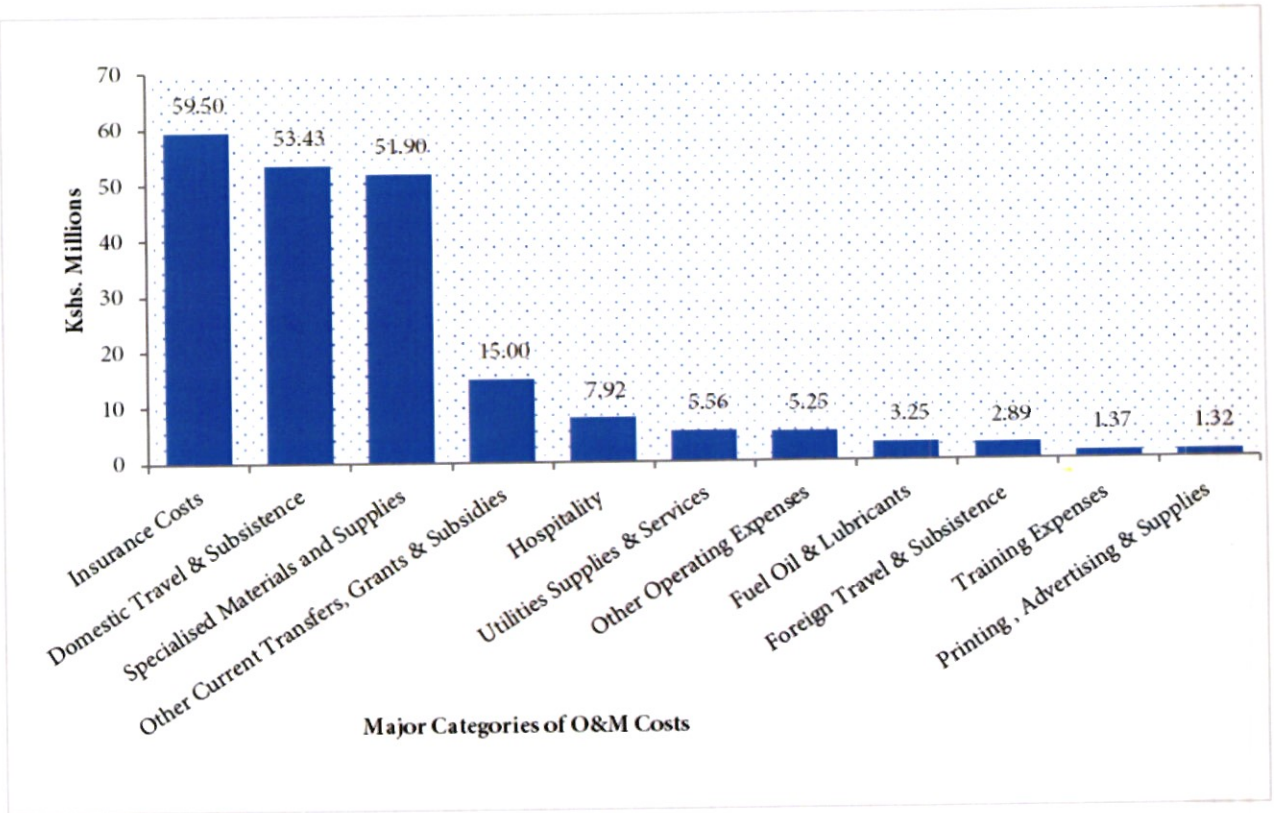
Source: *Machakos County Treasury*

The OCoB did not receive quarterly financial returns from the Fund Administrators of 4 funds, as indicated in Table 3-59: Performance of County Established Funds as of 30th September 2022. which is against the requirement of Section 168 of the PFM Act, 2012.

3.23.9 Expenditure on Operations and Maintenance

Figure 3-38: Kiambu County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

Figure 3-65: Machakos County, Operations and Maintenance Expenditure by Major Categories



Source: Machakos County Treasury

During the period, expenditure on domestic travel amounted to Kshs.53.43 million and comprised of Kshs.42.22 million spent by the County Assembly and Kshs.11.21 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.89 million paid by the County Assembly. The "Other Operating Expenses" included items such as: ward office rent and expenses, contracted professional services, membership dues and cleaning services and contracted guards amounting to Kshs.3.05 million.

3.23.10 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.12.28 billion on development programmes, representing an increase compared to a similar period in FY 2021/22 when the County did not report expenditure on development activities. The development expenditure consists of capital grants and transfers to conditional grants, namely: DANIDA-County Contribution and World Bank Grant (Emergency Locust Response Project).

3.23.11 Budget Performance by Department

Table 3-60: Kiambu County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-108: Machakos County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	552.14	14.33	45.39	-	48.50	-	106.8	-	8.8	-
County Public Service Board	50.74	41.11	2.21	-	-	-	-	-	-	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Roads, Transport and Public Works	197.91	942.34	14.91	-	-	-	-	-	-	-
Health Services and Emergency Services	3,715.79	452.53	662.71	2.43	787.73	2.43	118.9	100.0	21.2	0.5
Water, Irrigation, Environment and Natural Resources	110.75	444.25	7.19	-	-	-	-	-	-	-
Agriculture, Food Security and Co-operative Development	374.59	456.08	16.84	9.84	44.54	9.84	264.4	100.0	11.9	2.2
Finance and Economic Planning	476.59	63.75	42.03	-	57.97	-	137.9	-	12.2	-
Public Service, Quality Management and ICT	324.28	36.19	53.51	-	35.00	-	65.4	-	10.8	-
Tourism, Youth, Sports and Culture	112.62	125.99	5.86	-	0.13	-	2.2	-	0.1	-
Trade, Industrialisation and Innovation	99.34	180.56	5.21	-	-	-	-	-	-	-
Education, Skills Training and Social Welfare	428.97	153.46	26.79	-	21.29	-	79.5	-	5.0	-
Energy, Lands, Housing and Urban Development	159.06	262.32	12.20	-	0.88	-	7.2	-	0.6	-
County Administration and Decentralised Units	478.56	16.43	196.72	-	79.57	-	40.4	-	16.6	-
County Assembly	1,007.13	318.50	155.03	-	166.41	-	107.3	-	16.5	-
TOTAL	**8,088.5**	**3,507.8**	**1,246.6**	**12.3**	**1,242.0**	**12.3**	**99.6**	**100.0**	**15.4**	**0.4**

Source: Machakos County Treasury

Analysis of expenditure by department shows that the Department of Agriculture, Food Security and Co-operative Development recorded the highest absorption rate of development budget at 2.2 per cent, followed by the Department of Health Services and Emergency Services at 0.5 per cent. The Department of Health Services and Emergency Services had the highest percentage of recurrent expenditure to budget at 21.2 per cent, while the Departments of County Public Service Board, Roads, Transport and Public Works, Water, Irrigation, Environment and Natural Resources and Trade, Industrialization and Innovation had no expenditure.

This trend reveals that the County does not use respective departmental vote allocations in settling employees' compensation since each of the four departments has an employee compensation vote which was settled during the reporting period, but the reports show nil expenditure. Further, the County reported nil expenditure on departments which had received exchequer releases duly approved by the COB.

The allocation for recurrent expenditure for the Assembly is above the stipulated ceilings in CARA, 2022. The FY 2022/23 recurrent budget is Kshs.885.13 million, while the recommended ceiling is Kshs.865.13 million.

3.23.12 Budget Execution by Programmes and Sub-Programmes

Table 3-61: Kiambu County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-109: Machakos County, Budget Execution by Programmes and Sub-Programmes

Sub-Program	Approved Budget FY2022/23		Actual Expenditure as of 30th September 2022		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev
OFFICE OF THE GOVERNOR						
Co-ordination and Supervisory Services	288,293,561	14,334,385	41,017,142	-	14	-
Transport Services	22,651,209	-	1,500,000	-	7	-
Human Resource and Administration Section	67,903,820	-	1,060,500	-	2	-
ICT Section	16,995,994	-	80,000	-	-	-
Hospitality Services Section	15,973,355	-	4,530,000	-	28	-
Cabinet Office	6,493,175	-		-	-	-
Office of the Deputy Governor	68,988,765	-	163,000	-	-	-
Directorate of Projects Delivery, Monitoring and Evaluation	21,078,510	-	-	-	-	-
Office of the County Secretary	31,786,195	-	-	-	-	-
Office of the County Advisors	11,980,064	-	150,000	-	1	-
Sub- Total	**552,144,648**	**14,334,385**	**48,500,642**	**-**	**9**	**-**
COUNTY PUBLIC SERVICE BOARD						
Human Resource and Administration	50,736,706	41,112,751	-	-	-	-
Sub- Total	**50,736,706**	**41,112,751**	**-**	**-**	**-**	**-**
ROADS, TRANSPORT AND PUBLIC WORKS						
Headquarter Administrative services	182,855,703	117,380,423	-	-	-	-
Road Development and Management	833,214	612,211,735	-	-	-	-
County Government Buildings	213,399	155,000,000	-	-	-	-
County Fleet Management	14,011,766	57,750,000	-	-	-	-
Sub- Total	**197,914,082**	**942,342,158**	**-**	**-**	**-**	**-**
HEALTH AND EMERGENCY SERVICES						
General Administration and Support Services	3,343,875,598	161,533,179	720,849,164	2,434,688	22	2
Machakos Level 5	163,834,368	101,500,000	48,701,400	-	30	-
Kangundo Level 4	53,712,125	15,200,000	5,000,000	-	9	-
Matuu Level 4	37,923,785	25,000,000	5,950,000	-	16	-
Kathiani Level 4	26,327,763	21,675,130	2,000,000	-	8	-
Mwala Level 4	12,024,971	26,230,000	1,000,000	-	8	-
Kimiti Level 4	4,744,277	5,000,000	400,000	-	8	-
Masinga Level 4	4,904,106	500,000	437,000	-	9	-
Athi River Level 4	4,867,355	5,000,000	500,000	-	10	-
Mutituni Level 4	6,867,355	5,000,000	500,000	-	7	-
Ndithini Level 4	6,805,777	5,000,000	500,000	-	7	-
Kalama Level 4	6,160,700	5,000,000	664,300	-	11	-
Public Health and Community Outreach	38,742,655	70,744,985	1,228,950	-	3	-
Emergency Services	5,000,000	5,145,000		-	-	-
Sub- Total	**3,715,790,835**	**452,528,294**	**787,730,814**	**2,434,688**	**21**	**1**
WATER, IRRIGATION, ENVIRONMENT, CLIMATE CHANGE AND NATURAL RESOURCES						
Water Supply and Sewerage	4,412,665	49,964,799	-	-	-	-
Irrigation Schemes, Development and Promotion	120,000	2,297,921	-	-	-	-
General Administrative and Support Services	103,122,669	5,103,092	-	-	-	-
Environment and Natural Resources	3,091,120	191,490,853	-	-	-	-
Environment and natural resources	-	195,397,962	-	-	-	-
Sub- Total	**110,746,454**	**444,254,627**	**-**	**-**	**-**	**-**

Sub-Program	Approved Budget FY2022/23		Actual Expenditure as of 30th September 2022		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev
AGRICULTURE, FOOD SECURITY AND CO-OPERATIVE DEVELOPMENT						
General Administration and support services	330,375,406	343,918,594	44,535,166	9,844,914	13	3
Crop Development and Management	3,170,000	32,800,000	-	-	-	-
Livestock Resources Management and Development	2,560,000	12,079,000	-	-	-	-
Fisheries Development	1,400,000	4,200,000	-	-	-	-
Veterinary Services	1,947,580	13,250,227	-	-	-	-
Agriculture Training Centre	2,550,000	3,100,000	-	-	-	-
Co-operative Development and Marketing	26,307,646	1,214,200	-	-	-	-
Capacity Building to Co-operative Societies	-	44,413,851	-	-	-	-
Promotion of Co-operative Marketing and Value Chain	650,000	1,104,276	-	-	-	-
Co-operative Financial Services	1,100,000	-	-	-	-	-
Promotion and growth of Co-operative Societies	2,112,000	-	-	-	-	-
Co-operative Audit Support Services	2,416,000	-	-	-	-	-
Sub- Total	**374,588,632**	**456,080,148**	**44,535,166**	**9,844,914**	**12**	**2**
FINANCE AND ECONOMIC PLANNING						
Revenue Management	246,784,017	20,749,300	57,824,367	-	23	-
Budget formulation, Coordination and Implementation Section	25,849,081	8,931,500	50,000	-	-	-
Supply Chain Management Section	7,026,490	6,000,000	-	-	-	-
Accounts Services	18,460,407	800,000	50,000	-	-	-
Audit Section	6,700,000	10,250,000	-	-	-	-
Human Resource Management and Support Services	149,220,820	17,016,942	50,000	-	-	-
Economic Planning and Statistical Services	21,750,326	-	-	-	-	-
External Resource Mobilization	800,000	-	-	-	-	-
Sub- Total	**476,591,141**	**63,747,742**	**57,974,367**	**-**	**12**	**-**
PUBLIC SERVICE, QUALITY MANAGEMENT AND ICT						
General Administration and Support Services	262,463,649	30,925,375	35,000,000	-	13	-
Quality Management	525,000	5,262,277	-	-	-	-
Training, Research and Development	6,089,500	-	-	-	-	-
ICT General Administration and Support Services	47,032,969	-	-	-	0	0
ICT Infrastructure	5,843,554	-	-	-	0	0
Closed Circuit Television	2,325,000	-	-	-	0	0
Sub- Total	**324,279,672**	**36,187,652**	**35,000,000**	**-**	**11**	**0**
TOURISM, CULTURE, YOUTH AND SPORTS						
General Administrative and Support Services	102,131,897	3,328,064	131,000	-	0	0
Heritage & Culture	1,082,320	57,050,768	-	-	0	0
Liquor Management	775,970	183,335	-	-	0	0
Tourism Development and Marketing	1,056,574	183,335	-	-	0	0
Management of Recreational Services	750,000	59,793,457	-	-	0	0
Machawood	1,966,115	2,973,000	-	-	0	0
County Image Directorate	1,120,000	2,478,500	-	-	0	0

Sub-Program	Approved Budget FY2022/23		Actual Expenditure as of 30th September 2022		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev
Youth Development	-	-	-	-	0	0
Stadium Management	1,449,952	-	-	-	0	0
Youth Empowerment	1,364,765	-	-	-	0	0
Sports Promotion	920,000	-	-	-	0	0
Sub- Total	**112,617,593**	**125,990,459**	**131,000**	**-**	**0**	**0**
TRADE, INDUSTRIALISATION AND INNOVATION						
Headquarter Administration Services	65,331,160	119,044,089	-	-	0	0
Trade Development	1,394,028	12,600,000	-	-	0	0
Business and Enterprise Development	1,362,165		-	-	0	0
Industrialisation and Innovation	200,000	48,912,505	-	-	0	0
Investment Facilitation and Support	2,499,650	-	-	-	0	0
Hygiene and Sanitation	4,395,783	-	-	-	0	0
Legal Services	24,161,923	-	-	-	0	0
Sub- Total	**99,344,709**	**180,556,594**	**-**	**-**	**0**	**0**
EDUCATION, SKILLS TRAINING, SOCIAL WELFARE AND CIVIC EMPOWERMENT						
Headquarter Administrative Services	428,971,858	76,174,798	21,285,229	-	5	0
Basic Education	-	8,650,000	-	-	0	0
Youth Development Services	-	58,635,790	-	-	0	0
Gender and Social Services	-	10,000,000	-	-	0	0
Sub- Total	**428,971,858**	**153,460,588**	**21,285,229**	**-**	**5**	**0**
ENERGY, LANDS, HOUSING AND URBAN DEVELOPMENT						
Headquarter Administrative Services	38,751,941	19,380,352	-	-	0	0
County Electrification	17,809,205	95,330,321	-	-	0	0
Housing and Urban Development	95,298,949	147,606,546	-	-	0	0
Machakos Municipality	2,400,000	-	875,000	-	36	0
Mavoko Municipality	2,400,000	-	-	-	0	0
Kangundo Tala Municipality	2,400,000	-	-	-	0	0
Sub- Total	**159,060,095**	**262,317,219**	**875,000**	**-**	**1**	**0**
COUNTY ADMINISTRATION AND DECENTRALISED UNITS						
General Administration and support services	472,227,905	13,288,778	79,570,693	-	17	0
Civic Engagement	900,000	-	-	-	0	0
Administration and Co-ordination Services	1,628,214	-	-	-	0	0
Solid Waste Management	1,000,000	2,100,000	-	-	0	0
Inspectorate Services and Management	2,800,000	1,045,839	-	-	0	0
Sub- Total	**478,556,119**	**16,434,617**	**79,570,693**	**-**	**17**	**0**
County Assembly	1,007,126,181	318,500,000	166,406,326	-	17	0
Sub- Total	**1,007,126,181**	**318,500,000**	**-**	**-**	**0**	**0**
GRAND TOTAL	**8,088,468,725**	**3,507,847,234**	**1,075,602,911**	**12,279,602**	**13**	**0**

Source: *Machakos County Treasury,*

Sub-programmes with the highest levels of implementation based on absorption rates were: Machakos Municipality in the Department of Energy, Lands, Housing and Urban Development at 36 per cent, Machakos Level 5 in the Department of Health and Emergency Services at 30 per cent, Hospitality Services Section in the Department of Office of the Governor at 28 per cent, and Revenue Management at Finance and Economic Planning 23 per cent of budget allocation.

3.23.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.197.86 million against an annual projection of Kshs.1.69 billion, representing 11.7 per cent of the annual target.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3-108, where the County incurred expenditure over approved exchequer issues in a number of departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Bursary Fund, Executive Car loan Fund - Staff, MCAs Mortgage loan Fund – County Assembly Mortgage loan for Staff Fund, were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.2.88 billion as of 30th September 2022. This is despite the availability of cash in the CRF, which stood at Kshs.623.07 million at the end of the First Quarter of FY 2022/23.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.50.32 million were processed through the manual payroll and accounted for 4.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. Failure to budget for the unspent cash balance from FY 2021/22, which amounted to Kshs.174.82 million.

The County should implement the following recommendations to improve budget execution;

1. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract terms and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
6. *The County Treasury should prepare a supplementary budget and incorporate the unspent cash balances from the previous financial years.*

3.24 County Government of Makueni

3.24.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.9.83 billion, comprising Kshs. 3.17 billion (32.3 per cent) and Kshs.6.66 billion (67.7 per cent) allocation for development and recurrent programmes respectively. The approved budget estimate is a decline of 14.8 per cent compared to the previous financial year when the approved budget was Kshs.11.54 billion and comprised of Kshs.4.27 billion towards development expenditure and Kshs.7.27 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.13 billion (81.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.850 million (8.6 per cent) from own source of revenue. The county did not budget for cash balance from FY 2021/22 which amounted to Kshs.412.70 million. The County also expects to receive Kshs.850 million (8.6 per cent) as conditional grants, which consist of Conditional Allocation for Leasing of Medical Equipment Kshs.110.64 million and consolidated amount of Grants and Loans amounting to Kshs.739.36 million.

3.24.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.34 billion as the equitable share of the revenue raised nationally, raised Kshs.144.24 million as own-source revenue and had a cash balance of Kshs.412.70 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.90 billion, as shown in Table 3-62: Kilifi County, Revenue Performance in the First Quarter of FY 2022/23.

Table 3-110: Makueni County, Revenue Performance in the First Quarter of FY 2022/23

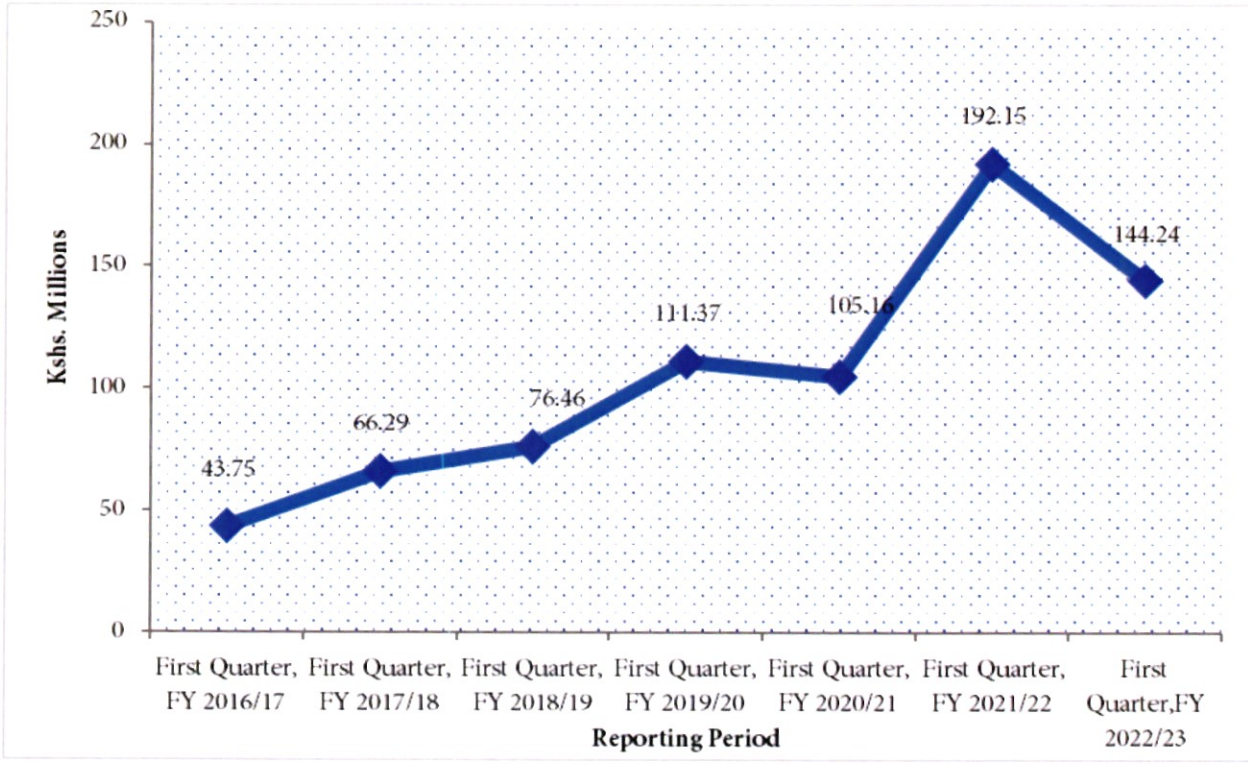
No	Revenue	Annual Budget Allocation (In Kshs)	Actual Receipts (In Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,132,783,562	1,341,909,286	16.5
Sub Total		**8,132,783,562**	**1,341,909,286**	**16.5**
B	**Conditional Grants**			
1	Leasing of Medical Equipment	110,638,298	-	-
2	Grants and Loans	739,361,702	-	-
Sub-Total		**850,000,000**	**-**	**-**
C	**Other Sources of Revenue**			
1	Own Source Revenue	850,000,000	144,238,232	17
2	Balance B/F from FY2021/22	-	412,702,006	Above 100
Sub Total		**850,000,000**	**556,940,238**	**65.5**
Grand Total		**9,832,783,562**	**1,898,849,524**	**21.1**

Source: Makueni County Treasury

The county did not factor cash balances brought forward from FY2021/22 in the original budget, which makes actual funds available to be above 100 per cent. The County should regularise this through a supplementary budget to ensure that all funds are spent within the Makueni County Appropriation Act, 2022. The County did not receive any conditional grants in the First Quarter of FY 2022/23.

Figure 3-66 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

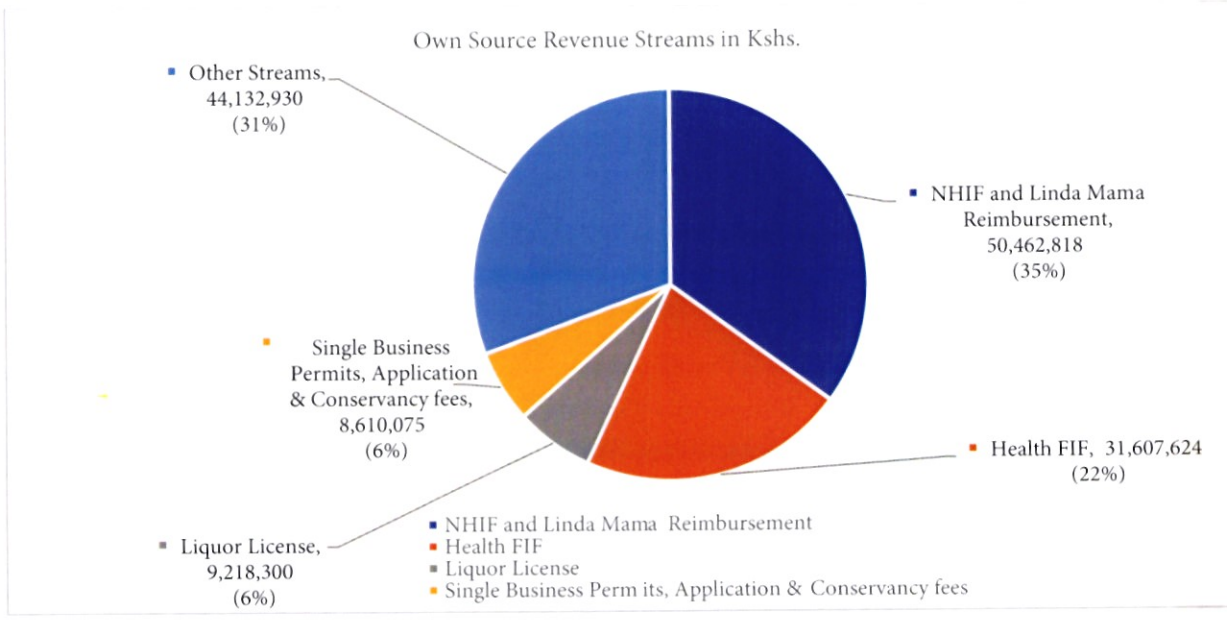
Figure 3-66: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Makueni County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.144.24 million as own-source revenue. This amount represented a decrease of 24.9 per cent compared to Kshs.192.15 million realised in a similar period in FY 2021/22 and was 17 per cent of the annual target and 7.6 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-40: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23.

Figure 3-67: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Makueni County Treasury

The highest revenue stream was from NHIF and Linda Mama Reimbursement of Kshs.50.46 million, which contributed to 35 per cent of the OSR collected in the first quarter of FY 2022/23.

3.24.3 Exchequer Issues

The Controller of Budget approved Kshs.1.39 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.1.45 million (0.1 per cent) for development programmes and Kshs.1.39 billion (99.9 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised of Kshs.1.31 billion for compensation to employees, Kshs.80.44 million for Operations and Maintenance expenditure, and Kshs.1.45 million for development expenditure

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.3.17 million.

3.24.4 County Expenditure Review

The County spent Kshs.1.03 billion on recurrent programmes during the reporting period. This expenditure represented 74 per cent of the total funds released by the CoB which we spent on recurrent programme only. Expenditure on recurrent programmes represented 15.4 per cent of the annual recurrent expenditure budget.

3.24.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County reported the stock of pending bills of Kshs.657.76 million which comprised Kshs.299.79 million for recurrent expenditure and Kshs.357.97 million for development activities. During the period under review, the county did not settle pending bills.

3.24.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.879.96 million on employee compensation and Kshs.24.90 million on operations and maintenance. Similarly, the County Assembly

spent Kshs. 109.53 million on employee compensation and Kshs.13.21 million on operations and maintenance, as shown in Table 3-63: Summary of Budget and Expenditure by Economic ClassificationError! Reference source not found..

Table 3-111: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,932,377,527**	**728,391,627**	904,855,576	122,740,170	15.3	16.9
Compensation to Employees	4,013,250,185	338,327,782	879,957,919	109,532,858	21.9	32.4
Operations and Maintenance	1,919,127,342	390,063,845	24,897,657	13,207,312	1.3	3.4
Development Expenditure	3,157,014,408	15,000,000	-	-	-	-
Total	**9,089,391,935**	**743,391,627**	**904,855,576**	**122,740,170**	**10.0**	**16.5**

Source: Makueni County Treasury

3.24.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.989.49 million was 52.1 per cent of the annual realised revenue of Kshs.1.39 billion and included Kshs.538.57 million attributable to the health sector, which translated to 54.4 per cent of the total wage bill in the reporting period.

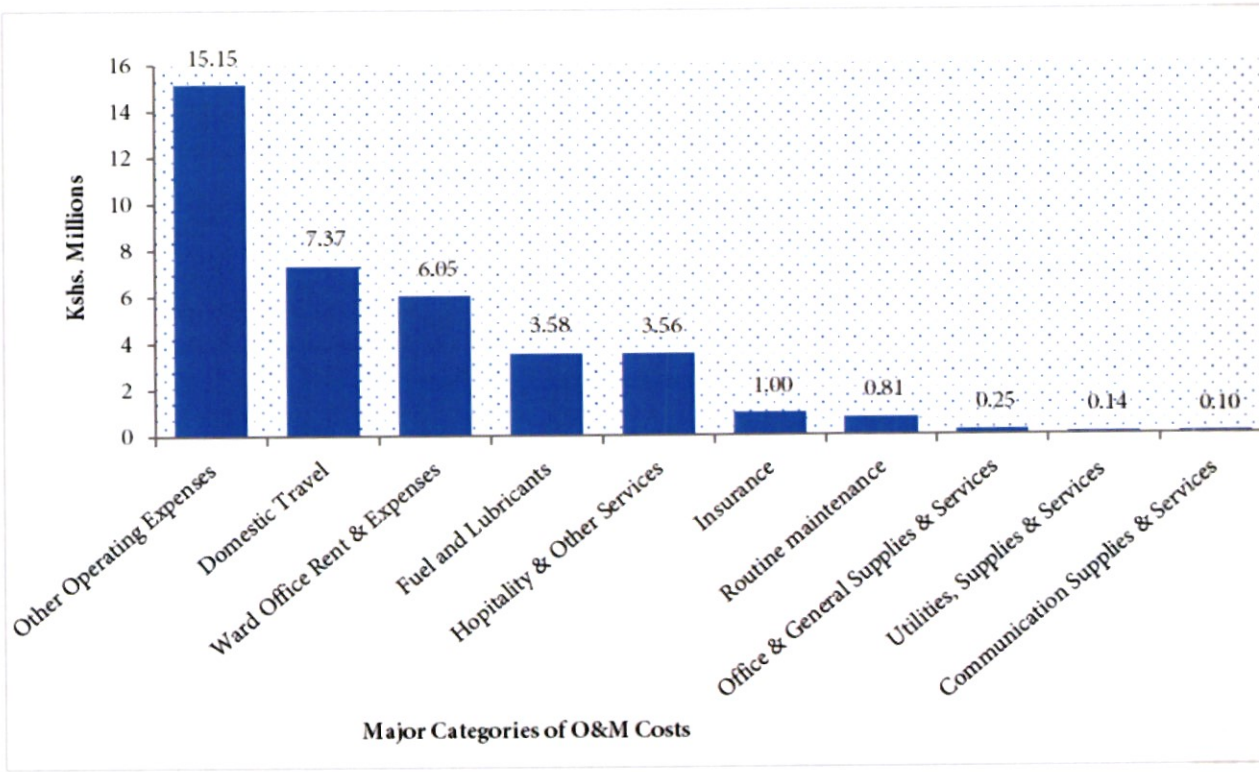
Personnel emoluments amounting to Kshs.1.19 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those processed through manual payroll were Kshs.113.63 million. The manual payroll amounted to 11.1 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly spent Kshs.12.53 million on committee sitting allowances for the 39 MCAs and the Speaker against the annual budget allocation of Kshs.40 million which was 11.4 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.107,135 per MCA. The County Assembly has established 22 Committees.

3.24.8 Expenditure on Operations and Maintenance

Table 3-64: Performance of County Established Funds as of 30th September 2022 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-68: Makueni County, Operations and Maintenance Expenditure by Major Categories



Source: Makueni County Treasury

During the period, expenditure on domestic travel amounted to Kshs.7.37 million and comprised of Kshs.5.91 million spent by the County Assembly and Kshs.1.46 million by the County Executive. The "Other Operating Expenses" included the contracted professional, Security and cleaning services, and membership subscriptions mainly by the office of the County Secretary.

3.24.9 County Emergency Fund and County-Established Funds

The County allocated Kshs.140 million to county-established funds in FY 2022/23, which constituted 1.4 per cent of the County's overall budget for the year. Table 3-112 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-112: Performance of County Established Funds as of 30th September 2022

No	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th Sept 2022 (Kshs.)	Actual Expenditure as of 30th Sept 2022 (Kshs.)	Submission of Financial Statements as of 30th Sept 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Scholarship Fund	30,000,000	-	-	No
2.	Emergency Relief- fund	30,000,000	-	-	No
3.	Car loan Fund	80,000,000	-	-	No
4.	Tetheka Fund	-	-	-	No
County Assembly Established Funds					
5.	Mortgage loan Fund - Assembly	-	-	-	No.
6.	Car loan Fund - Assembly	-	-	-	No.
	Total	**140,000,000**	**-**	**-**	

Source: *Makueni County Treasury*

The OCoB did not receive quarterly financial returns from the Fund Administrators of the 6 funds as indicated in Error! Reference source not found.3. this is against the requirement of Section 168 of the PFM Act, 2012.

3.24.10 Development Expenditure

In the First Quarter of FY 2022/23, the County did not report any expenditure on development programmes as compared to a similar period in FY 2021/22 when the County spent Kshs.10.34 million.

3.24.11 Budget Performance by Department

Table 3-65: Kilifi County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-113: Makueni County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Irrigation, Live-stock & Fisheries development	280.98	406.25	76.75	1.45	63.78	-	83.10	-	22.7	-
County Attorneys Office	13.99	-	0.83	-	0.50	-	60.11	-	3.6	-
County Public Service Board	64.91	53.00	9.61	-	4.73	-	49.22	-	7.3	-
County Secretary	450.70	-	45.08	-	38.27	-	84.90	-	8.5	-
Devolution, County Administration, Participatory Development, Youth & Public Service	323.79	66.25	62.66	-	39.91	-	63.69	-	12.3	-
Education, sports & ICT	453.83	279.55	108.83	-	91.57	-	84.14	-	20.2	-
Finance & Socio-Economic Planning	543.68	810.87	66.66	-	42.02	-	63.03	-	7.7	-
Gender, Culture and Social Services	90.75	36.52	15.39	-	7.70	-	50.02	-	8.5	-
Health Services	3,006.83	388.84	748.16	-	538.57	-	71.99	-	17.9	-
Lands, Urban Development, Environment and Climate change	132.38	155.20	17.44	-	6.98	-	40.02	-	5.3	-
Office of the Governorship	174.94	-	36.49	-	27.44	-	75.21	-	15.7	-
Sand Authority	59.76	30.00	4.46	-	11.29	-	253.00	-	18.9	-
Trade, Industry, Marketing, Tourism & Cooperatives Development	53.80	80.00	12.57	-	5.46	-	43.42	-	10.1	-
Transport, Roads, Public Works and Energy	157.90	417.65	18.61	-	9.22	-	49.58	-	5.8	-
Water and Sanitation	124.14	432.88	27.73	-	17.42	-	62.81	-	14.0	-
County Assembly	728.39	15.00	136.90	-	122.74	-	89.66	-	16.9	-
TOTAL	**6,661**	**3,172**	**1,388**	**1.5**	**1,028**	**-**	**74.0**	**-**	**15.4**	**-**

Source: *Makueni County Treasury*

Analysis of expenditure by department shows that the Department of Agriculture, Irrigation, Livestock & Fisheries development had the highest percentage of recurrent expenditure to budget at 22.7 per cent while the

Department of County Attorney's Office had the lowest at 3.6 per cent. The Sand Authority had an expenditure above exchequer issues at 253 per cent, since department spends outside IFMIS and the expenditure reports are later updated into the financial management system.

The budget allocation for recurrent expenditure for the Assembly and the Executive is within the ceilings in CARA, 2022.

3.24.12 Budget Execution by Programmes and Sub-Programmes

Table 3-66: Kilifi County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-114: Makueni County, Budget Execution by Programmes and Sub-Programmes

Department	Program	Sub Programme	FY 2022/23 Budget	Actual Expenditure as of 30th September 2022	Absorption Rate (%)
Governorship	Programme 1: General administration & planning	SP1. 1 General administration & planning	174,935,567	27,941,734	16.0%
Governorship Total			**174,935,567**	**27,941,734**	**15.97%**
Agriculture, Livestock & Fisheries	Programme 1: General administration & planning	SP1. 1 General administration & planning	460,052,341	63,780,650	13.86%
	Programme 2: Land, Crop development & productivity	SP2. 1 Land, Crop development & productivity	54,695,000	21,060,782	38.51%
	Programme 3: Agribusiness and information management	SP3. 1 Agribusiness and information management	114,563,089	0	0.00%
	Programme 4: Livestock Production, Management and Development	SP4. 1 Livestock Production, Management and Development	57,920,000	0	0.00%
Agriculture, Livestock & Fisheries Total			**687,230,429**	**84,841,432**	**12.35%**
County Attorney	Programme 1: Legal & advisory services	SP1. 1 Legal & advisory services	13,993,375	0	0.00%
County Attorney Total			**13,993,375**	**0**	**0.00%**
County Public Service Board	Programme 1: General Administration and Planning	SP1.1: General Administration and Planning	117,906,168	4,731,498	4.01%
County Public Service Board Total			**117,906,168**	**4,731,498**	**4.01%**
County Secretary	Programme 1: Leadership and coordination of departments.	SP1. 1 Leadership and coordination of departments.	450,702,037	41,735,153	9.26%
County Secretary Total			**450,702,037**	**41,735,153**	**9.26%**
Devolution & Public Service	Programme 1: General administration & planning	SP1. 1 General administration & planning	250,513,416	39,906,756	15.93%
	Programme 2: Public Participation & Civic Education	SP2. 1: Public Participation & Civic Education	44,487,500	0	0.00%
	Programme 3: Information and communication	SP3. 1 Information and communication	11,037,500	0	0.00%
	Programme 4: Enforcement and compliance	SP4. 1 Enforcement and compliance	40,537,500	0	0.00%
	Programme 5: Youth Development support & Empowerment	SP5. 1 Youth Development	43,460,786	0	0.00%
Devolution & Public Service Total			**390,036,702**	**39,906,756**	**10.23%**

Department	Program	Sub Programme	FY 2022/23 Budget	Actual Expenditure as of 30th September 2022	Absorption Rate (%)
Education & ICT	Programme 1: General administration & planning	SP1. 1 General administration & planning	386,844,239	91,566,969	23.67%
	Programme 2: Early childhood education	SP1. 1 Early childhood education	161,120,429	0	0.00%
	Programme 3: Technical training & non-formal education	SP1. 1 Technical training & non-formal education	97,818,929	0	0.00%
	Programme 4: Support to education	SP1. 1 Support to education	43,269,429	0	0.00%
	Programme 5: ICT Infrastructure & Systems Development	SP5. 1 ICT Infrastructure & Systems Development	29,569,429	0	0.00%
	Programme 6: Sports Development	SP6 1 Sports Development	14,757,929	0	0.00%
Education & ICT Total			**733,380,385**	**91,566,969**	**12.49%**
Finance & Socio-Economic Planning	Programme 1: General administration & planning	SP1. 1 General administration & planning	1,194,045,828	101,944,658	8.54%
	Programme 2: Public financial management	SP2.1 Accounting services	13,200,000	0	0.00%
		SP2.2: Budget formulation, coordination and management	43,070,000	0	0.00%
		SP2.3: Internal audit services	7,600,000	0	0.00%
		SP2.4: Resource mobilization	43,800,000	0	0.00%
		SP2.5: Supply chain management services	7,120,000	0	0.00%
		SP2.6: Economic planning	45,710,000	0	0.00%
Finance & Socio-Economic Planning Total			**1,354,545,828**	**101,944,658**	**7.53%**
Gender & Social Services	Programme 1: General administration & planning	SP1. 1 General administration & planning	88,983,486	7,698,789	8.65%
	Programme 2: Gender & Social Development	SP2. 1: Gender & Social Development	38,290,872	0	0.00%
Gender & Social Services Total			**127,274,358**	**7,698,789**	**6.05%**
Health	Programme 1: General administration & planning	SP1. 1 General administration & planning	2,754,778,197	538,569,143	19.55%
	Programme 2: Curative health care services	SP2. 1: Curative health care services	437,250,000	0	0.00%
	Programme 3: Preventive and promotive health care services	SP3. 1: Preventive and promotive health care services	203,650,000	0	0.00%
Health Total			**3,395,678,197**	**538,569,143**	**15.86%**
Land, Physical Planning & Mining	Programme 1: General administration & planning	SP1. 1 General administration & planning	66,286,560	6,978,263	10.53%
	Programme 2: : Land Survey & Mapping	SP2. 1: Land Survey & Mapping	27,720,000	0	0.00%
	Programme 3: Urban planning	SP3.1: Urban planning	96,525,000	0	0.00%
	Programme 4: Mining mapping & development	SP4.1: Mining mapping & development	3,100,000	0	0.00%
	Programme 5: Environment management and protection	SP 5.1: Environment management and protection	93,950,300	0	0.00%
Land, Physical Planning & Mining Total			**287,581,860**	**6,978,263**	**2.43%**

Department	Program	Sub Programme	FY 2022/23 Budget	Actual Expenditure as of 30th September 2022	Absorption Rate (%)
Sand Authority	Programme 1: General administration & planning	SP 1.1: General administration & Planning	89,758,901	4,462,977	4.97%
Sand Authority Total			**89,758,901**	**4,462,977**	**4.97%**
Trade, Industry & Cooperatives	Programme 1: General administration & planning	SP1. 1 General administration & planning	48,350,909	5,459,672	11.29%
	Programme 2: Trade development & promotion	SP2.1: Trade marketing & promotion	61,100,000	0	0.00%
	Programme 3: Industrial development and promotion	SP3.1: Industrial development and promotion	5,350,000	0	0.00%
	Programme 4: Tourism development & promotion	SP4.1: Tourism development & promotion	5,350,000	0	0.00%
	Programme 5: Cooperative development and management	SP5.1: Cooperative development and management	13,650,000	0	0.00%
Trade, Industry & Cooperatives Total			**133,800,909**	**5,459,672**	**4.08%**
Transport & Infrastructure	Programme 1: General administration & planning	SP1.1: General administration & planning	110,365,220	9,224,986	8.36%
	Programme 2: Road transport	SP2.1: Road transport	396,520,000	0	0.00%
	Programme 3: Infrastructure development	SP3.1: Infrastructure development	16,786,000	0	0.00%
	Programme 4: Energy Infrastructure & development	SP4.1: Energy Infrastructure & development	51,878,969	0	0.00%
Transport & Infrastructure Total			**575,550,189**	**9,224,986**	**1.60%**
Water and sanitation	Programme 1: General administration & planning	SP1. 1 General administration & planning	115,244,709	12,955,105	11.24%
	Programme 2: Water infrastructure Development	SP 2.1 Water harvesting and storage	86,230,000	0	0.00%
		SP 2.2. Piped water supply infrastructure	270,770,000	0	0.00%
		SP2.3 Groundwater development	84,772,322	0	0.00%
Water and sanitation Total			**557,017,031**	**12,955,105**	**2.33%**
County Assembly	Programme 2: Public financial management	Legislation & Oversight	743,391,627	122,740,170	16.51%
County Assembly Total			**743,391,627**	**122,740,170**	**16.51%**
Grand Total			**9,832,783,562**	**1,100,757,305**	**11.19%**

Source: Makueni County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Land, Crop development & productivity in the Department of Agriculture, livestock and fisheries at 38.5 per cent, General administration & planning in the Department of Education and ICT at 23.7 per cent, General administration & planning in the Department of Health at 19.6 per cent, and Public financial management program in County assembly at 16.5 per cent of budget allocation.

3.24.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.144.24 million against an annual projection of Kshs.850 million, representing 17 per cent of the annual target.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Scholarship Fund, Emergency Relief- fund, Executive Car loan Fund, Tetheka Fund, County Assembly Mortgage loan and Car loan Funds

were not submitted to the Controller of Budget.

3. High level of pending bills which amounted to Kshs.657.76 million as of 30th September 2022.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.113.63 million were processed through the manual payroll and accounted for 11.1 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. Failure to include balances brought forward from FY2021/22 in the approved budget, which could lead to county expenditure outside the approved budget for FY2022/23 thereby resulting expenditure above the budget.

The County should implement the following recommendations to improve budget execution;

1. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The county should include the balances brought forward into the budget through a supplementary budget as stipulated in PFM Act 2012*

3.25 County Government of Mandera

3.25.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.11.62 billion, comprising Kshs.4.22 billion (36.3 per cent) and Kshs.7.40 million (63.7 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 12.5 per cent compared to the previous financial year when the approved budget was Kshs.13.28 billion and comprised of Kshs.5.44 billion towards development expenditure and Kshs.7.84 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs. 11.19 billion (96.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.255.44 million (2.2 per cent) from its own sources of revenue, and a cash balance of Kshs.172.25 million (1.5 per cent) from FY 2021/22. The County did not budget for conditional grants.

3.25.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.951.18 million as the equitable share of the revenue raised nationally, raised Kshs.25.71 million as own-source revenue, and had a cash balance of Kshs.895.23 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.87 billion, as shown in Table 3-115.

Table 3-115: Mandera County, Revenue Performance in the First Quarter of FY 2022/23

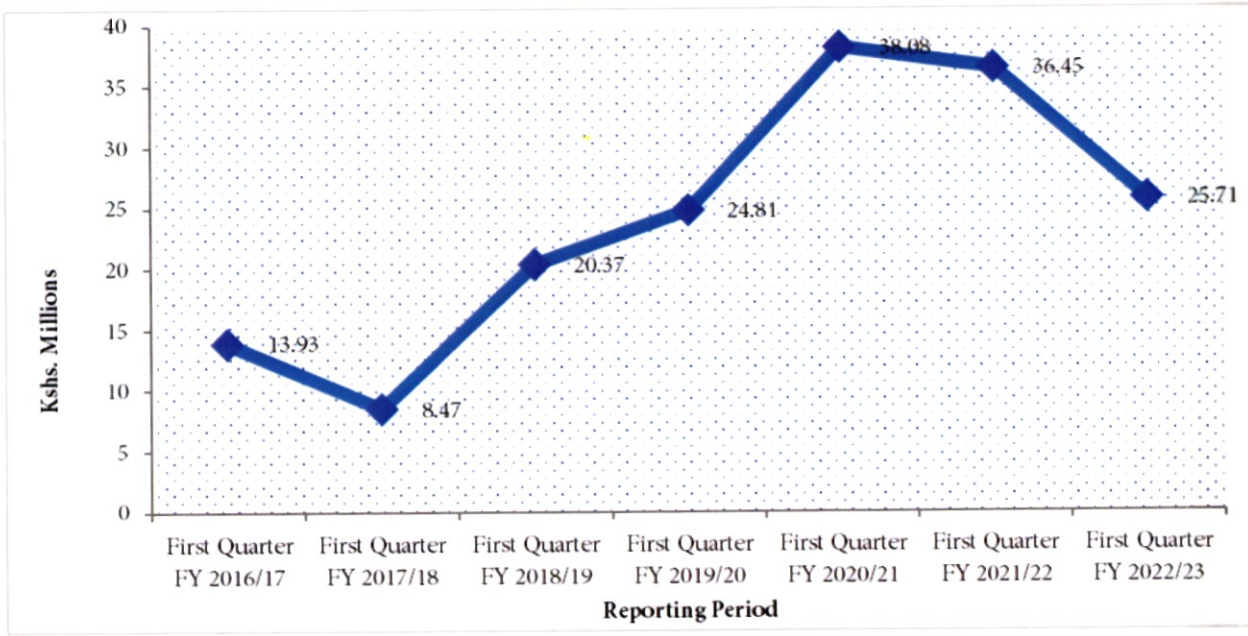
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,190,382,598	951,182,521	8.5
Sub Total		**11,190,382,598**	**951,182,521**	**8.5**
B	**Other Sources of Revenue**			
	Own Source Revenue	255,436,786	25,705,461	10.1
	Unspent balance from FY 2021/22	172,253,555	895,230,608	519.7

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
Sub Total		427,690,341	920,936,069	215.3
Grand Total		11,618,072,939	1,872,118,590	16.1

Source: Mandera County Treasury

Figure 3-69 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

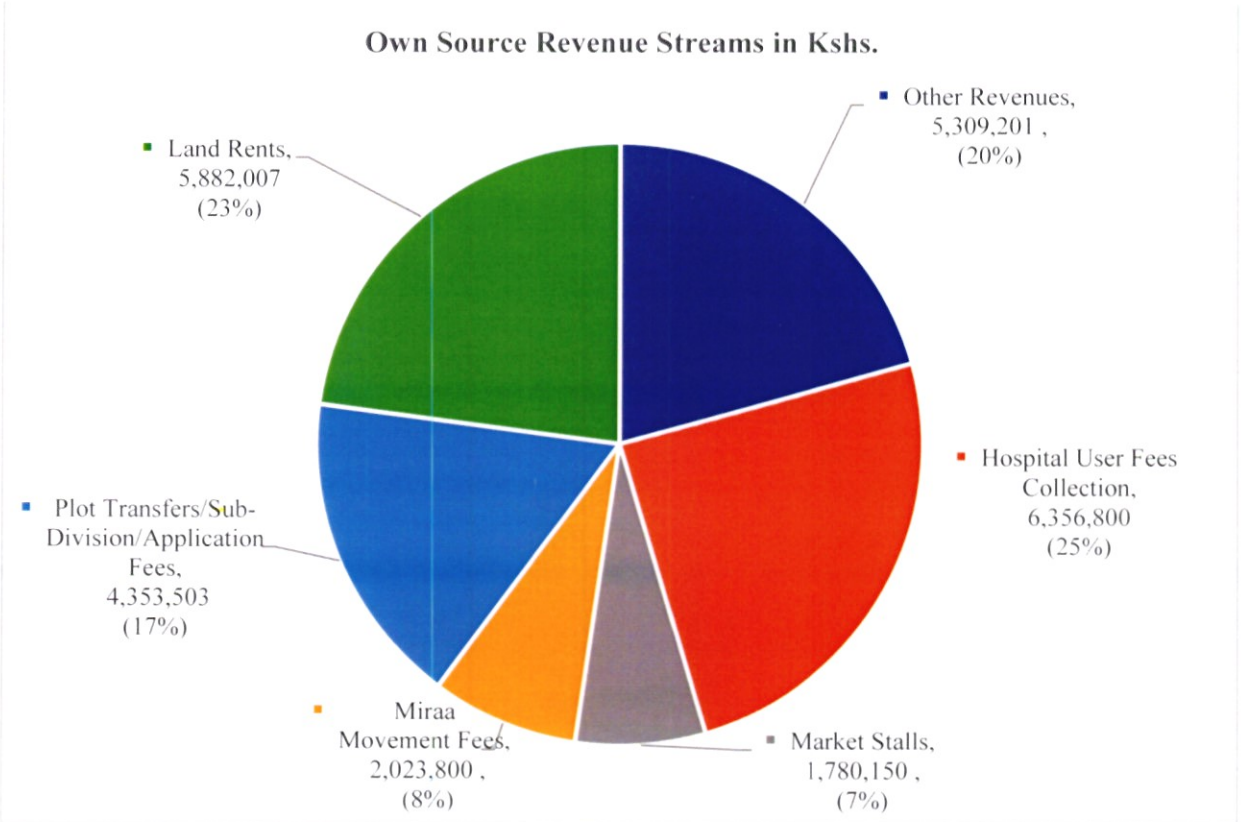
Figure 3-69: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Mandera County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.25.71 million as own-source revenue. This amount represented a decrease of 29.5 per cent compared to Kshs.36.45 million realised in a similar period in FY 2021/22 and was 10.1 per cent of the annual target and 1.4 per cent of the received equitable share. The OSR includes revenue arrears and penalties charged on the arrears from the previous financial year of Kshs.11.95 million. The top five revenue streams which contributed the highest OSR are shown in Figure 3-70.

Figure 3-70: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Mandera County Treasury

The highest revenue stream was from Hospital collection of Kshs.6.4 million, which contributed to 25 per cent of the OSR collected in the first quarter of FY 2022/23.

3.25.3 Exchequer Issues

The Controller of Budget approved Kshs.1.53 billion withdrawals from the CRF account for recurrent programmes during the reporting period. The exchequer released in the First Quarter of FY 2022/23 was to cater for compensation to employees.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.895.23 million.

3.25.4 County Expenditure Review

The County spent Kshs.1.53 billion on recurrent programmes during the reporting period. This expenditure represented 100 per cent of the total funds released by the CoB and was spent entirely on recurrent expenditure representing 20.7 per cent of the annual recurrent expenditure budget.

3.25.5 Settlement of Pending Bills

The County did not submit a report of the stock of pending bills as of 30th September 2022.

3.25.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.53 billion on employee compensation while the County Assembly did not incur any expenditure during the reporting period as shown in Table 3-116.

Table 3-116: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Recurrent Expenditure	**6,533,293,051**	**864,090,152**	**1,529,473,089**	-	23.1	-
Compensation to Employees	4,363,985,735	470,464,480	1,529,473,089	-	34.1	-
Operations & Maintenance	2,169,307,317	393,625,672	-	-	0.9	-
Development Expenditure	3,898,436,181	322,253,555	-	-	-	-
Total	**10,431,729,232**	**1,186,343,707**	**1,529,473,089**	-	**14.5**	-

Source: Mandera County Treasury

3.25.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.1.53 billion was 80.6 per cent of the annual realised revenue of Kshs.1.87 billion and included Kshs.622.89 million attributable to the health sector, which translated to 40.7 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.1.50 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs. 27.93 million. The manual payroll amounted to 1.8 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system.

3.25.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.120 million to the Bursary Fund in FY 2022/23. However, the Fund Administrator did not submit the quarterly financial return which is against the requirement of Section 168 of the PFM Act, 2012.

3.25.9 Development Expenditure

The County did not report expenditures on development programmes in the First Quarter of FY 2022/23.

3.25.10 Budget Performance by Department

Table 3-117 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-117: Mandera County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	864.09	322.25	-	-	-	-	-	-	-	-
Agriculture and Livestock	172.23	253.68	46.10	-	46.10	-	100	-	26.8	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Education, Culture, and Sports	448.40	180.57	108.28	-	108.28	-	100	-	24.1	-
Gender, Social Services, and Youth Affairs	66.43	32.74	11.02	-	11.02	-	100	-	16.6	-
Finance and Economic Planning and ICT	568.43	68.60	98.50	-	98.50	-	100	-	17.3	-
Health Services	2,296.63	358.49	622.89	-	622.89	-	100	-	27.1	-
Trade, Investments, Industrialisation, and Cooperative Development	44.94	10.50	12.29	-	12.29	-	100	-	27.3	-
Lands, Housing Developments and Physical Planning	72.68	395.02	20.81	-	20.81	-	100	-	28.6	-
Office of the Governor and Deputy Governor	408.73	-	98.28	-	98.28	-	100	-	24	-
County Public Service Board	71.90	50.90	14.23	-	14.23	-	100	-	19.8	-
Public Service Management and Devolved Units	1,756.15	33.83	393.57	-	393.57	-	100	-	22.4	-
Public Works Roads and Transport	148.50	974.55	46.03	-	46.03	-	100	-	31	-
Water, Energy, Environment and Natural Resources	478.27	1,539.56	57.47	-	57.47	-	100	-	12	-
Total	**7,397.38**	**4,220.69**	**1,529.47**	**-**	**1,529.47**	**-**	**100**	**-**	**20.7**	**-**

Source: *Mandera County Treasury*

Analysis of expenditure by the department shows that the Department of Public Works Roads and Transport had the highest percentage of recurrent expenditure to budget at 31 per cent, while the County Assembly did not report any expenditure.

The County Assembly's recurrent budget is within the recurrent ceiling of Kshs.864.09 million set in CARA, 2022. Similarly, the County Executive recurrent budget, comprising the Office of the Governor & Deputy Governor, and the County Public Service Board, has complied with the recurrent budget ceiling of Kshs.616.99 million set in CARA, 2022.

3.25.11 Budget Execution by Programmes and Sub-Programmes

Table 3-118 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-118: Mandera County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Description	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Agricultural and Livestock Sector Support	Food security Initiatives	Agricultural Infrastructure, Conservation, and Research	253,678,884	-	253,678,884	-
	Livestock Production	Livestock Agricultural Sector Support	47,050,000	4,830,570	42,219,430	10.3
	Sub Total		**300,728,884**		**253,678,884**	-

Programme	Sub-Programme	Description	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Administration Services	Administration and Compensation	Administration Services	3,280,625,131	892,499,891	2,388,125,240	27.2
	Sub Total		**3,280,625,131**	**892,499,891**	**2,388,125,240**	**27.2**
Trade, Cooperatives, and Investment Sector Support	Trade Development and Promotion	Trade Development	55,441,550	12,288,105	43,153,445	22.2
	Sub Total		**55,441,550**	**12,288,105**	**43,153,445**	**22.2**
Youth Rehabilitation and Development	Youth Affairs	Youth Development Programmes and Policy	32,744,700	-	32,744,700	-
	Sub Total		**32,744,700**	**-**	**32,744,700**	**-**
ECDE and Sports Development Services	Early Childhood Development Education (ECDE)	ECDE Infrastructure.	180,569,360	-	180,569,360	-
	Sub Total		**180,569,360**	**-**	**180,569,360**	**-**
Physical Infrastructure Development	Health Infrastructure	Infrastructure Construction, Expansion, and Maintenance	358,487,275	-	358,487,275	-
	Land Survey	Infrastructure & Equipment	395,015,000	32,000,000	363,015,000	8.1
	Physical Infrastructure	Infrastructure Construction, Expansion, and Maintenance	1,399,233,188	-	1,399,233,188	-
	Sub Total		**2,152,735,463**	**32,000,000**	**2,120,735,463**	**1.5**
General Administration & Support Services	Administration, planning, and support services	General Administration & Support Services	3,597,396,070	500,210,812	2,884,162,069	13.9
	Sub Total		**3,597,396,070**	**500,210,812**	**2,884,162,069**	**13.9**
Water Provision Services	Water Supply	Water Storage Structures	1,990,371,784	92,474,282	1,897,897,502	4.6
	Sub Total		**1,990,371,784**	**92,474,282**	**1,897,897,502**	**4.6**
Solar Energy and Environmental Services	Environmental Management Services	Environment and Natural Resources	27,460,000	-	27,460,000	-
	Sub Total		**27,460,000**	**-**	**27,460,000**	**-**
	Total		**11,618,072,942**	**1,529,473,089**	**9,828,526,664**	**13.2**

Source: *Mandera County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Administration and compensation at 27.2 per cent Trade Development and Promotion at 22.2 per cent, and Infrastructure & Equipment at 8.1 per cent of budget allocation.

3.25.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 27th October 2022.
2. The underperformance of own-source revenue at Kshs.25.71 million against an annual projection of Kshs.255.44 million, representing 10.1 per cent of the annual target;
3. Use of manual payroll. Personnel emoluments amounting to Kshs.27.93 million were processed through the manual payroll and accounted for 1.8 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls; and

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the*

Controller of Budget in line with Section 166 of the PFM Act, 2012.

2. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the recruitment of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.26 County Government of Marsabit

3.26.1 Overview of FY 2022/23 Budget

The County was on a Vote on Account during the First Quarter of FY 2022/23. The draft budget estimates for the FY 2022/23 is Kshs.8.4 billion, comprising Kshs.3.55 billion (42.3 per cent) and Kshs.4.85 billion (57.7 per cent) allocation for development and recurrent programmes respectively. The tabled budget estimate is a decline of 6.1 per cent compared to the previous financial year when the approved budget was Kshs.8.95 billion and comprised of Kshs.4.59 billion towards development expenditure and Kshs.4.36 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.25 billion (86.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.170 million (2 per cent) from own source of revenue. The County also expects to receive Kshs.986.03 million (11.7 per cent) as conditional grants. The draft budget did not account for the unspent balance from FY 2021/22 which amounted to Kshs.582.16 million.

3.26.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.618.55 million as the equitable share of the revenue raised nationally, raised Kshs.25.91 million as own-source revenue, and had a cash balance of Kshs.582.16 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.23 billion, as shown inTable 3-119.

Table 3-119: Marsabit County, Revenue Performance in the First Quarter of FY 2022/23

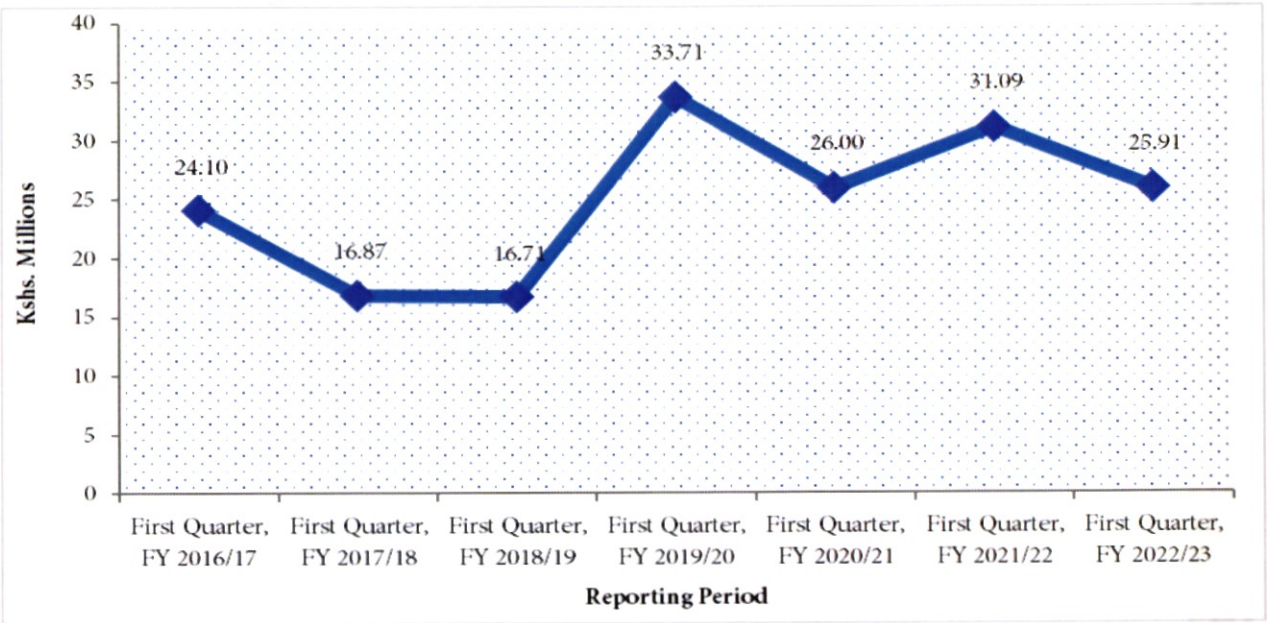
S/No.	Revenue Category	Tabled Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,245,000,000	618,545,343	8.5
Sub Total		**7,245,000,000**	**618,545,343**	**8.5**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	170,000,000	25,908,505	15.2
2.	Cumulative Conditional Grants	986,033,924	-	-
3.	Unspent balance from FY 2021/22	-	582,160,320	-
Sub Total		**1,156,033,924**	**608,068,825**	**52.6**
Grand Total		**8,401,033,924**	**1,226,614,168**	**14.6**

Source: Marsabit County Treasury

The County did not receive funds for conditional grants in the First Quarter of FY 2022/23.

Figure 3-71 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

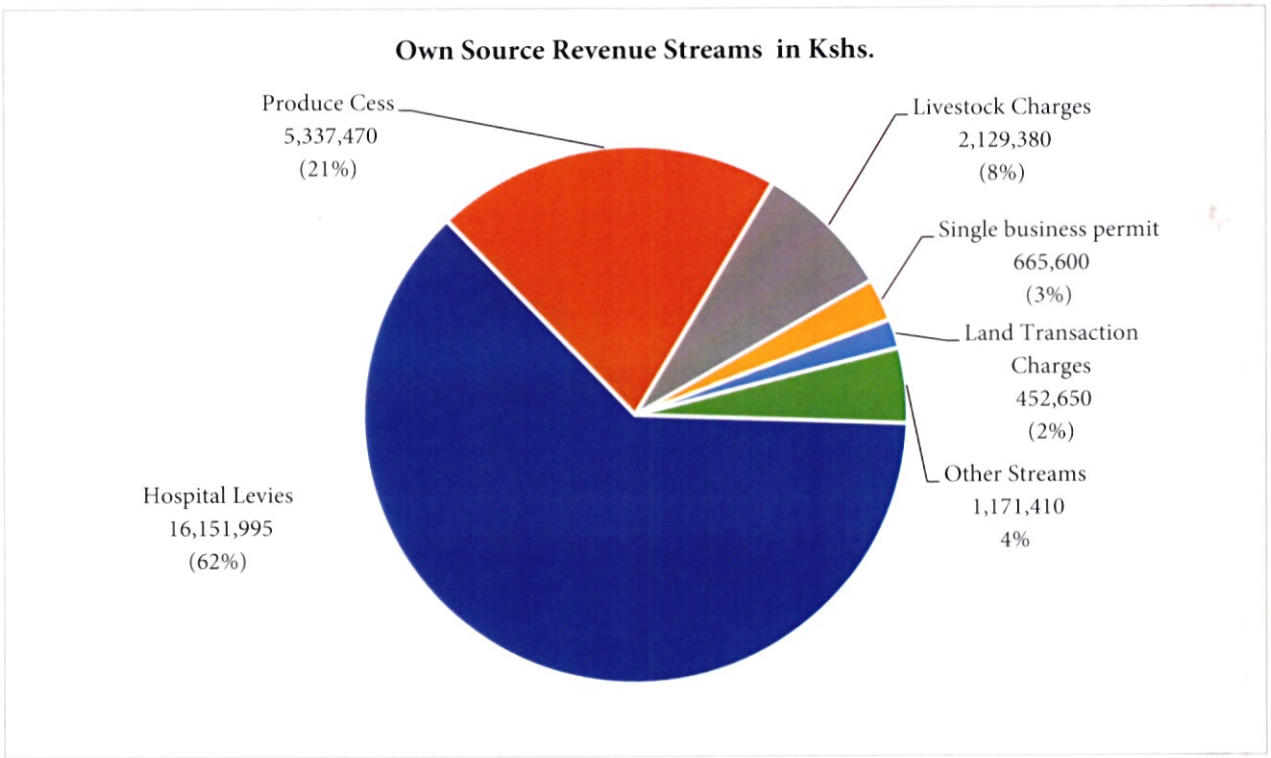
Figure 3-71: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Marsabit County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.25.91 million as own-source revenue. This amount represented a decrease of 16.7 per cent compared to Kshs.31.09 million realised in a similar period in FY 2021/22 and was 15.2 per cent of the annual target and 4.2 per cent of the received equitable share. The OSR does not include revenue arrears and penalties charged on the arrears from the previous financial year. The top five revenue streams which contributed the highest OSR are shown in Figure 3-72.

Figure 3-72: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Marsabit County Treasury

The decrease in OSR may be attributed to the low collection due to the impact of the August 2022 general election. The highest revenue stream was from Hospital Levies of Kshs.16.2 million, which contributed to 62 per cent of the OSR collected in the first quarter of FY 2022/23.

3.26.3 Exchequer Issues

The Controller of Budget approved Kshs.630.03 million in withdrawals from the CRF account during the reporting period which was entirely for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.520.7 million for compensation to employees and Kshs.109.6 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.623.91 million.

3.26.4 County Expenditure Review

The County spent Kshs.559.9 million on recurrent programmes during the reporting period. This expenditure represented 88.9 per cent of the total funds released by the CoB and represented 11.5 per cent of the annual recurrent expenditure budget.

3.26.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County reported the stock of pending bills of Kshs.924.33 million which comprised Kshs.884.29 million for development activities and Kshs.40 million for recurrent activities. During the period under review, the County did not make any payment towards settling of pending bills and therefore the outstanding pending bills as of 30th September 2022 were Kshs.924.33 million.

3.26.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.494.26 million on employee compensation and Kshs.36.66 million on operations and maintenance. Similarly, the County Assembly spent Kshs.26.22 million on employee compensation and Kshs.2.75 million on operations and maintenance, as shown inTable 3-120.

Table 3-120: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,103,500,000**	**745,000,000**	**530,913,998**	**28,970,236**	**12.9**	**3.9**
Compensation to Employees	2,476,468,136	257,896,403	494,258,948	26,216,406	20.0	10.2
Operations and Maintenance	1,627,031,864	487,103,597	36,655,050	2,753,830	2.3	0.6
Development Expenditure	**3,536,533,924**	**16,000,000**	-	-	-	-
Total	**7,640,033,924**	**761,000,000**	**530,913,998**	**28,970,236**	**0.1**	**3.8**

Source: Marsabit County Treasury

3.26.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.520.48 million was 42.4 per cent of the annual realised revenue of Kshs.1.23 billion and included Kshs.239.9 million attributable to the health sector, which translated to 46.1 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.363.31 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.157.16 million. The manual payroll amounted to 30.2 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll

Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly did not report expenditures on committee sitting allowances for the 33 MCAs and the Speaker against the annual budget allocation of Kshs.35 million.

3.26.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.130 million to the Emergency Fund Kshs.170 million to county-established funds in FY 2022/23, which constituted 3 per cent of the County's overall budget for the year. Table 3-121 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-121: Performance of County Established Funds as of 30th September 2022

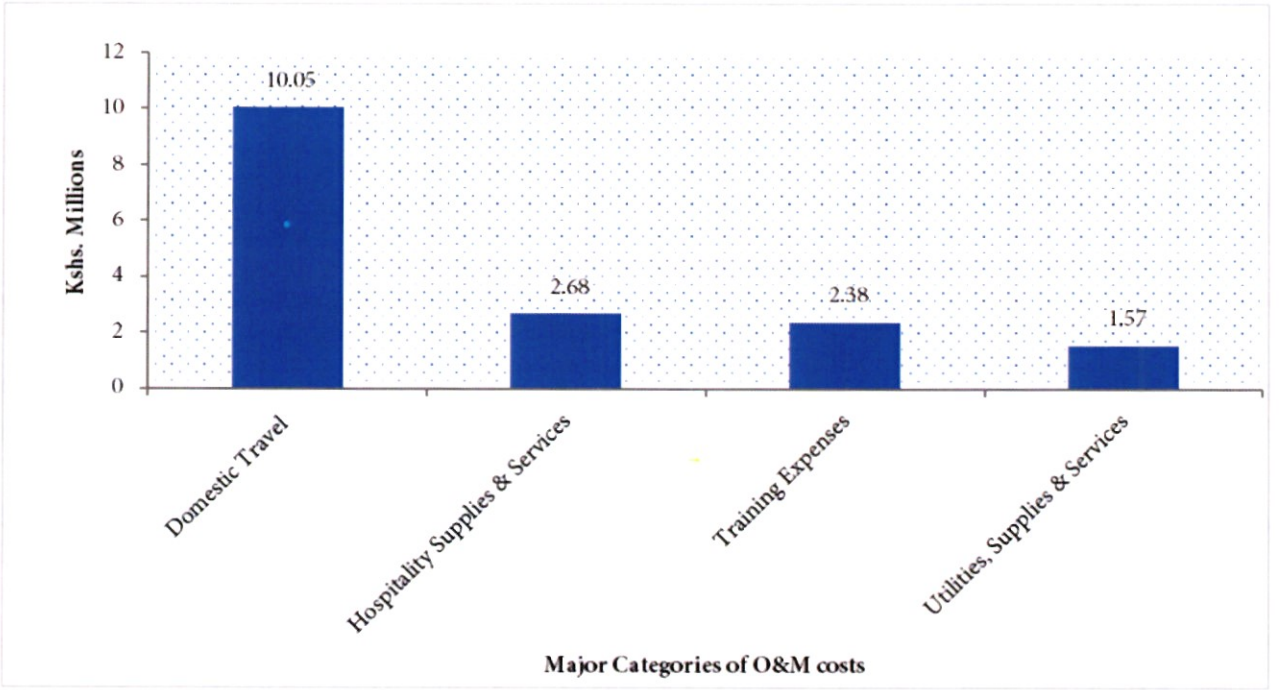
S/No.	Name of the Fund	Tabled Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022
			(Kshs.)		(Yes/No.)
		A	B	C	D
1.	Emergency Fund	130,000,000	-	-	No
2.	Scholarship Fund	90,000,000	-	-	Yes
3.	County Assembly Car Loan and Mortgage	30,000,000	-	-	No
	Total	**250,000,000**			

Source: *Marsabit County Treasury*

3.26.9 Expenditure on Operations and Maintenance

Figure 3-73 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-73: Marsabit County, Operations and Maintenance Expenditure by Major Categories



Source: *Marsabit County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.10.05 million which was incurred by the county executive.

3.26.10 Development Expenditure

The County did not report expenditure on development budget in the First Quarter of FY 2022/23.

3.26.11 Budget Performance by Department

Table 3-122 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-122: Marsabit County, Budget Allocation and Absorption Rate by Department

Department	Budget Estimates Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	745.00	16.00	56.76	-	28.97	-	51.0	-	3.9	-
County Executive Services	559.50	600.00	74.11	-	49.88	-	67.3	-	8.9	-
Finance Management Services	432.01	1,171.03	37.50	-	48.16	-	128.4	-	11.1	-
Agriculture, Livestock, Fisheries	268.68	130.00	41.97	-	27.75	-	66.1	-	10.3	-
County Public Service	95.87	10.00	7.70	-	9.92	-	128.9	-	10.3	-
Education Youth Affairs	385.71	40.00	57.46	-	58.93	-	102.6	-	15.3	-
County Health Services	1,445.96	533.50	249.41	-	241.48	-	96.8	-	16.7	-
Administration & ICT	315.90	10.00	41.38	-	35.11	-	84.8	-	11.1	-

Department	Budget Estimates Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Physical Planning and Development, Energy, Lands, Municipality	158.64	91.00	20.01	-	15.01	-	75.0	-	9.5	-
Public Works, Roads	114.15	185.00	12.93	-	7.42	-	57.4	-	6.5	-
Water, Environment	154.06	128.00	23.33	-	17.60	-	75.4	-	11.4	-
Trade and Industry	81.85	18.00	5.94	-	9.94	-	167.3	-	12.1	-
Tourism, Culture & Social Services	91.18	20.00	1.53	-	9.70	-	634.1	-	10.6	-
TOTAL	**4,848.50**	**2,952.53**	**630.03**	**-**	**559.88**	**-**	**88.9**	**-**	**11.5**	**-**

Source: *Marsabit County Treasury*

Analysis of expenditure by department shows that the Department of Health Services recorded the highest absorption rate of recurrent budget at 16.7 per cent, followed by the Department of Education at 15.3 per cent. The County departments did not report any expenditure on the development budget.

3.26.12 Budget Execution by Programmes and Sub-Programmes

The County did not have an approved programmes-based budget during the period under review.

3.26.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Lack of approved budget for the financial year 2022/23. The County operated on a Vote on Account, comprising of half the recurrent submitted/draft estimates. The affected implementation of development programmes in the period.
2. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 25th October 2022.
3. The underperformance of own-source revenue at Kshs.25.91 million against an annual projection of Kshs.170 million, representing 15.2 per cent of the annual target.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Emergency Fund and Assembly Car Loan Fund were not submitted to the Controller of Budget.
5. High level of pending bills which amounted to Kshs.924.33 million as of 30th September 2022. This is despite the availability of cash in the CRF which stood at Kshs.623.91 million at the end of the First Quarter of FY 2022/23.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.157.16 million were processed through the manual payroll and accounted for 30.2 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

The County should implement the following recommendations to improve budget execution;

1. *The County Assembly and the County Executive should come up with ways to ensure the budget and key planning documents are prepared and approved in line with the timelines in law.*
2. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
3. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid*

without delay in the remaining period of the financial year.

6. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.27 County Government of Meru

3.27.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.11.36 billion, comprising Kshs.3.35 billion (29.5 per cent) and Kshs.8.01 billion (70.5 per cent) allocation for development and recurrent programmes respectively. The approved budget estimate is an improvement of 1.0 per cent compared to the previous financial year when the approved budget was Kshs.11.30 billion and comprised of Kshs.3.36 billion towards development expenditure and Kshs.7.94 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs. 8.79 billion (77.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.600 million (5.3 per cent) from own source of revenue, and Kshs.270 million (2.4 per cent) as Appropriation in Aid. The County also expects to receive Kshs.1.67 billion (14.7 per cent) as conditional grants, which consist of Conditional Grants from the National Government and Loans and Grants from Development Partners as shown in Table 3-123. The County did not budget for cash balances from FY 2021/22.

3.27.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs. 1.57 billion as the equitable share of the revenue raised nationally, raised Kshs 44.04 million as own-source revenue, and Kshs.49.48 million from the National Agricultural and Rural Inclusive Growth. The total funds available for budget implementation during the period amounted to Kshs.1.66 billion, as shown in Table 3-123.

Table 3-123: Meru County, Revenue Performance in the First Quarter of FY 2022/23

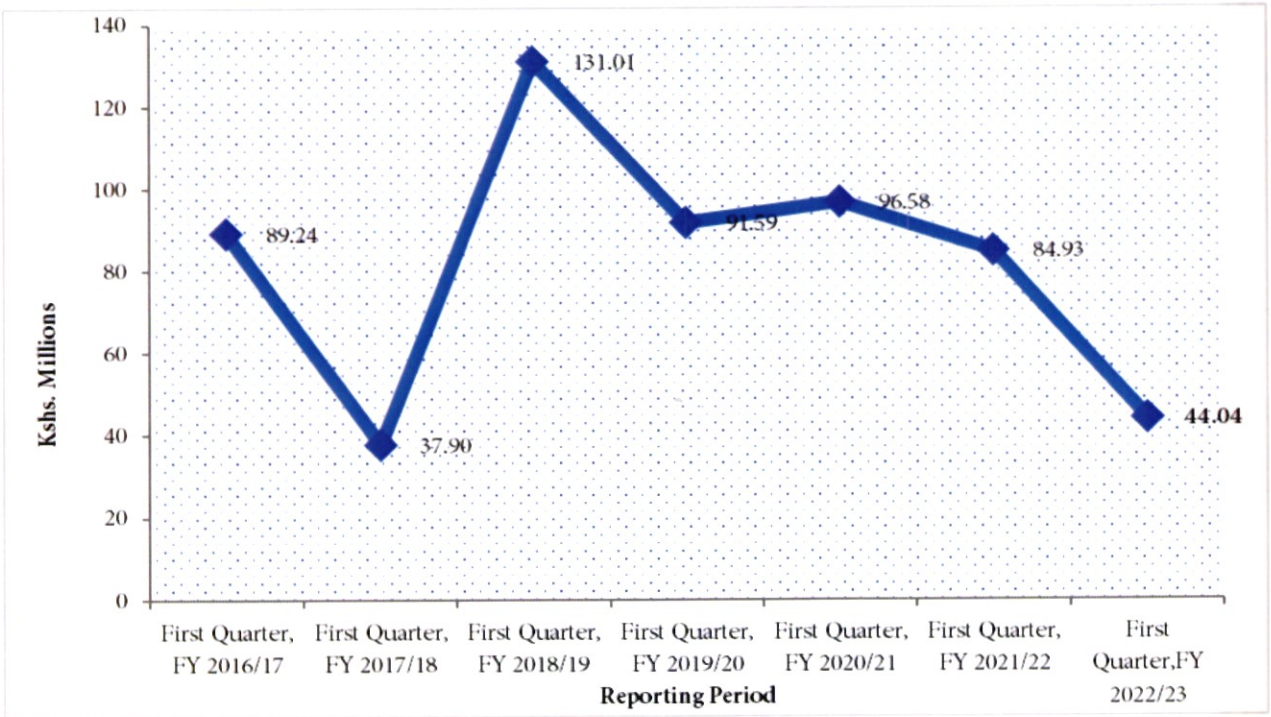
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,788,594,074	1,566,486,460	17.8
Sub Total		**8,788,594,074**	**1,566,486,460**	**17.8**
B	**Conditional Grants**			-
1.	Conditional Grants to Level-5 Hospitals	373,872,832	-	-
2.	Conditional Allocation for Development of Youth Polytechnics	58,249,984	-	-
3.	Conditional Grant-Compensation for User Fee Foregone	31,648,848	-	-
4.	Conditional Grant- Road Maintenance Fuel Levy	241,491,600	-	-
5.	World Bank Loan to for transforming health systems for universal care project	36,886,029	-	-
6.	World Bank for national agricultural and Rural Inclusive Growth project	398,724,835	49,483,369	12.4
7.	World Bank Urban development grant for Kenya urban support program	116,890,200	-	-
8.	KDSP (Level 1+ Level 2 Grant FY 2019-20)	141,844,646	-	-
9.	KDSP (Level 1 Grant FY 2018-19	45,000,000	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
10.	DANIDA	17,811,750	-	-
11.	GoK-ASDSP	33,084,638	-	-
12.	World Bank-Locust Response Project (ELRP)	47,977,333	-	-
13.	Conditional Grant- Kenya Informal Settlement Improvement Project-KISIP	110,000,000	-	-
14.	Capital Grant-THS	16,991,148	-	-
Sub-Total		**1,670,473,843**	**49,483,369**	**3.0**
D	**Other Sources of Revenue**			
1	Own Source Revenue	600,000,000	44,042,860	7.3
2	AIA	270,000,000	-	-
3	Other Revenues	33,670,051	-	-
Sub Total		**903,670,051**	**44,042,860**	**4.9**
Grand Total		**11,362,737,968**	**1,660,012,689**	**14.6**

Source: Meru County Treasury

Figure 3-74 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

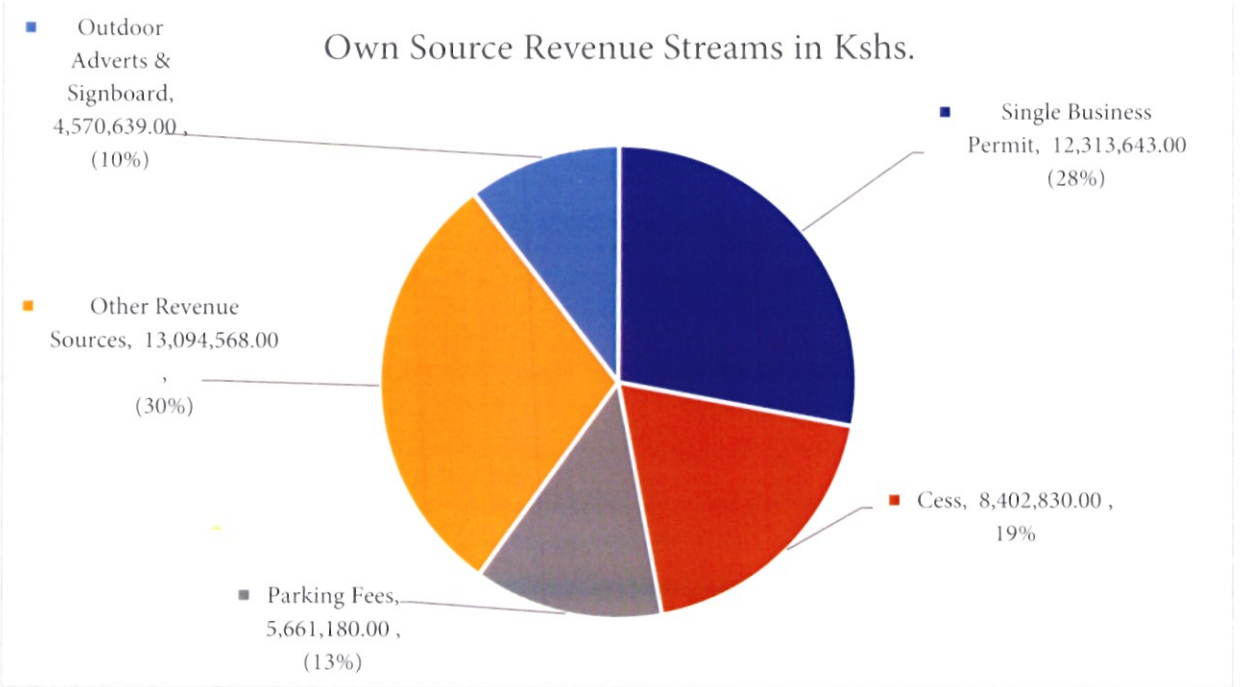
Figure 3-74: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Meru County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs. 44.04 million as own-source revenue. This amount represented a decrease of 48.1 per cent compared to Kshs. 84.93 million realised in a similar period in FY 2021/22 and was 7.3 per cent of the annual target and 3.3 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-75.

Figure 3-75: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Meru County Treasury

The highest revenue stream was from Single business permit of Kshs.12.3 million, which contributed to 34 per cent of the OSR collected in the first quarter of FY 2022/23.

3.27.3 Exchequer Issues

The Controller of Budget approved Kshs.1.68 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.49.48 million (3.0 per cent) for development programmes and Kshs.1.63 billion (97 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised of Kshs.1.48 billion for compensation to employees, Kshs.149.19 million for Operations and Maintenance expenditure and Kshs.49.48 million for development expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.13.2 million.

3.27.4 County Expenditure Review

The County spent Kshs.1.68 billion on development and recurrent programmes during the reporting period. This expenditure represented 100 per cent of the total funds released by the CoB and comprised of Kshs.49.48 million and Kshs.1.63 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 1.5 per cent while recurrent expenditure represented 20.3 per cent of the annual recurrent expenditure budget.

3.27.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.1.16 billion which comprised of Kshs. 382.9 million for recurrent expenditure and Kshs.779.6 million for development activities. During the period under review, no pending bills were settled and therefore, the outstanding pending bills as of 30th September 2022 was therefore Kshs.1.16 billion.

3.27.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.41 billion on employee compensation, Kshs.39.8 million on operations and maintenance, and Kshs.49.48 million on development activities. Similarly, the County Assembly spent Kshs.66.58 million on employee compensation, and Kshs.109.4 million on operations and maintenance, as shown in Table 3-124.

Table 3-124: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,883,123,787	1,128,437,598	1,451,540,874	176,000,000	**21.1**	**15.6**
Compensation to Employees	4,713,034,836	530,000,000	1,411,766,316	66,578,255	30.0	12.6
Operations and Maintenance	2,170,088,951	598,437,598	39,774,557	109,421,745	1.8	18.3
Development Expenditure	3,321,176,583	30,000,000	49,483,369	-	1.5	0.0
Total	**10,204,300,370**	**1,158,437,598**	**1,501,024,243**	**176,000,000**	**14.7**	**15.2**

Source: Meru County Treasury

3.27.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.1.48 billion was 89.1 per cent of the annual realised revenue of Kshs.1.66 billion and included Kshs.705.9 million attributable to the health sector, which translated to 47.7 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.1.42 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.60 million. The manual payroll amounted to 4.1 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly spent Kshs.1.0 million on committee sitting allowances for the 69 MCAs and the Speaker against the annual budget allocation of Kshs.122.25 million which was 0.8 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.14,575 per MCA. The County Assembly has established 27 Committees. During the period, and no bills and policy documents were processed during the period.

3.27.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.854.71 million to county-established funds in FY 2022/23, which constituted 8 per cent of the County's overall budget for the year. Table 3-125 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-125: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)	Absorption (%)
		A	B	C	D	C/A*100
County Executive Established Funds						
1.	Micro-Finance	82,155,481	10,000,000	10,000,000	Yes	12.2
2.	Investment and Development	37,340,051	-	-	-	-
3.	Meru Youth Service	70,000,000	-	-	-	-
4.	Revenue Board	338,539,303	14,400,000	14,400,000	Yes	4,3
5.	Education Scholarship	136,000,000	-	-	-	-
County Assembly Established Funds						
6.	Car Loan and mortgage	190,680,432	-	-	-	-
	Total	**854,715,268**	**24,400,000**	**24,400,000**	-	

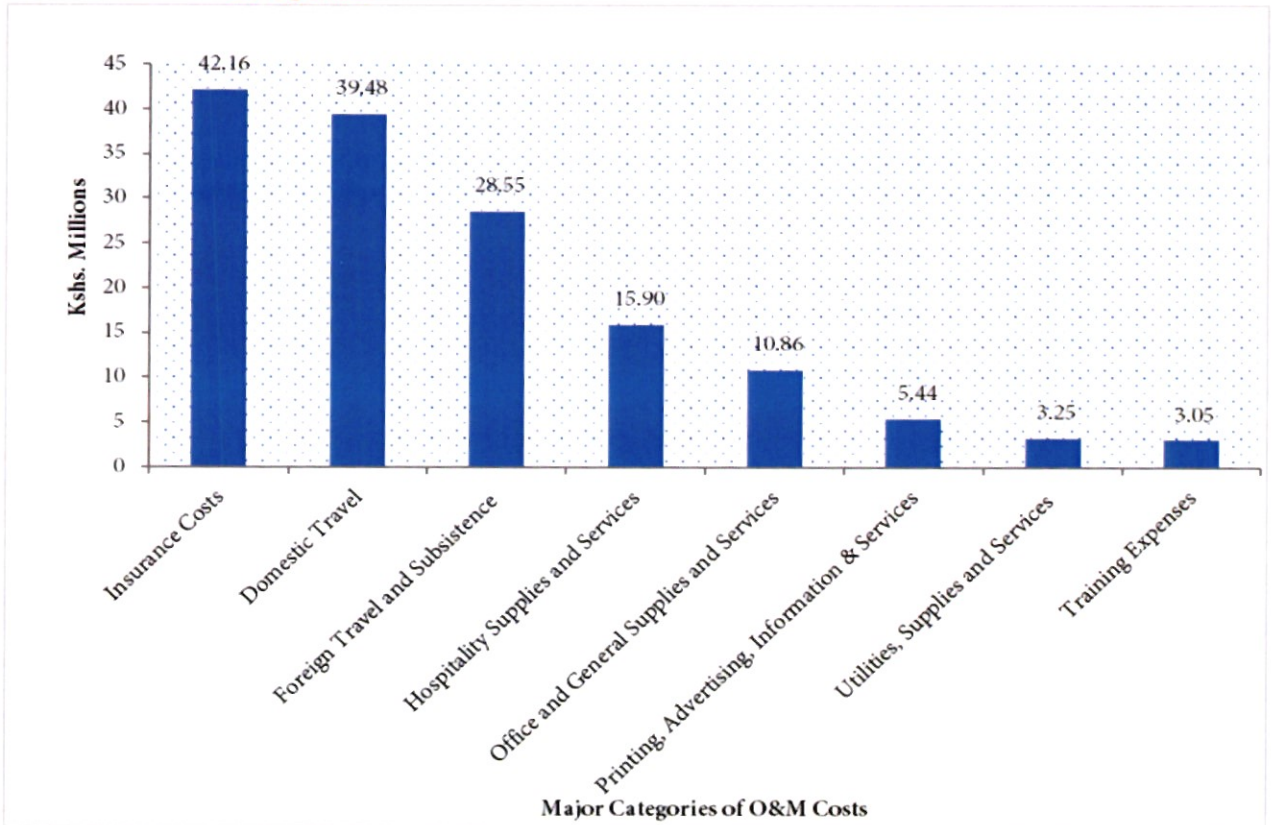
Source: *Meru County Treasury*

The County has established a total of 6 County Funds with an annual budget of Kshs.854.71 million. The OCoB did not receive quarterly financial returns from the Fund Administrators of 4 funds as indicated in Table 3-125, this is against the requirement of Section 168 of the PFM Act, 2012.

3.27.9 Expenditure on Operations and Maintenance

Figure 3-76 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-76: Meru County, Operations and Maintenance Expenditure by Major Categories



Source: *Meru County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.39.47 million and comprised of Kshs. 21.75 million spent by the County Assembly and Kshs.17.73 million by the County Executive. Expenditure on foreign travel amounted to Kshs.28.6million spent by the County Assembly.

3.27.10 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.49.48 million on development programmes and representing a decrease of 65.1 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.141.84 million. The expenditure was on a transfer of a conditional grant under the Department of Agriculture, Livestock and Fisheries Development.

3.27.11 Budget Performance by Department

Table 3-126 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-126: Meru County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,128	30	176	-	176.00	-	100	-	15.6	-
Office of the Governor	170	-	22.23	-	22.23	-	100	-	13.1	-
Finance, Economic Planning and ICT	800.23	160.77	90.35	-	90.35	-	100	-	11.3	-
Agriculture, Livestock and Fisheries Development	87.7	616.988	12.05	49.48	12.05	49.48	100	100	13.7	8.0
Water Service and Irrigation	25.15	347.05	0.5	-	0.5	-	100	-	2.0	-
Education, Technology, Gender and Social Development	84.7	343.88	0.5	-	0.5	-	100	-	0.6	-
Health Service	434.42	524.54	0.5	-	0.5	-	100	-	0.1	-
Lands, Physical Planning, Urban Development and Public Works	90.0	351.89	0.6	-	0.6	-	100	-	0.7	-
Public Service Administration and Legal Affairs	4,888	141.84	1,321.42	-	1,321.42	-	100	-	27.0	-
Road, Transport and Energy	46.09	570.97	0.5	-	0.5	-	100	-	1.1	-
Trade, Investment, Industrialization, Tourism and Coop Development	80.63	95.0	0.5	-	0.5	-	100	-	0.6	-
Youth Affairs and Sport	120.00	116.65	1.89	-	1.89	-	100	-	1.6	-
County Public Service Board	30.0	0	0,25	-	0.25	-	100	-	0.8	-
Environment, Wildlife and Natural Resources	25.5	51.6	0.25	-	0.25	-	100	-	1.0	-
Total	**8,011.56**	**3,351.18**	**1,627.54**	**49.48**	**1,627.54**	**49.48**	**100**	**100**	**20.3**	**1.5**

Source: *Meru County Treasury*

Analysis of expenditure by department shows that the Department of Agriculture recorded the highest absorption rate of development budget at 8 per cent. All the other departments did not report expenditures on their development budget. The Department of Public Service, Administration and Legal Affairs had the highest percentage of recurrent expenditure to budget at 27 per cent while the Department of Health had the lowest at 0.1 per cent.

3.27.12 Budget Execution by Programmes and Sub-Programmes

Table 3-127 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-127: Meru County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
ASSEMBLY					
Legislation and Representation	Legislation and Representation	400,606,993.00	83,730,221.85	316,876,771.15	21
Legislative Oversight	Legislative Oversight	266,597,315.00	21,542,088.00	245,055,227.00	8
General Admin, Planning & Support	General Admin, Planning & Support	491,233,290.00	70,727,690.15	420,505,599.85	14
Total		**1,158,437,598.00**	**176,000,000.00**	**982,437,598.00**	15
DEPARTMENT: OFFICE OF THE GOVERNOR					
General Administration	General Administration	83,296,860.96	17,730,250.00	65,566,610.96	21
Governor Press/ Communication and Events	Governor Press/Communication and Events	19,620,000.00	600,000.00	19,020,000.00	3
Efficiency Monitoring	Efficiency Monitoring	11,376,180.00	300,000.00	11,076,180.00	3
Research and Strategy	Research and Strategy	13,350,000.00	1,350,000.00	12,000,000.00	10
Disaster Management, Rescue & Emergency Services	Disaster Management, Rescue & Emergency Services	17,366,780.00	400,000.00	16,966,780.00	2
External Linkages & Partnership	External Linkages & Partnership	15,200,000.00	1,000,000.00	14,200,000.00	7
'County Secretary	County Secretary	10,118,766.00	850,000.00	9,268,766.00	8
Total	-	**170,328,586.96**	**22,230,250.00**	**148,098,336.96**	13
DEPARTMENT: FINANCE ECONOMIC PLANNING & ICT					
General Administration	Administration	134,954,356.00	13,846,774.00	121,107,582.00	10
Admin	Office Affairs	19,940,766.40	850,000.00	19,090,766.40	4
Procurement	Procurement	11,400,000.00	700,000.00	10,700,000.00	6
Internal Audit	Internal Audit	10,805,200.00	500,000.00	10,305,200.00	5
Budget and Policy	Budget and Policy	28,891,724.80	500,000.00	28,391,724.80	2
Accounts	Accounts	10,510,000.00	500,000.00	10,010,000.00	5
Semi Autonomous Agencies: Investment Corporation	Meru Investment Corporation	157,340,051.44	-	157,340,051.44	0
Microfinance Corporation	Meru Micro-Finance Corporation	82,155,481.28	14,751,607.00	67,403,874.28	18
Revenue Board	Revenue Board	338,539,303.28	56,526,564.00	282,012,739.28	17
ICT Development	ICT Development	22,620,000.00	1,007,253.00	21,612,747.00	4
Economic Planning and Coordination Services	Economic Planning and Cordination Services	20,845,000.00	350,000.00	20,495,000.00	2
Fleet Management	Fleet Management	123,000,000.00	400,000.00	122,600,000.00	0
Total	-	**961,001,883.20**	**89,932,198.00**	**871,069,685.20**	9
DEPARTMENT: AGRICULTURE, LIVESTOCK DEVELOPMENT AND FISHIERIES					
General Administration	General Administration	574,088,206.00	49,683,369.30	524,404,836.70	9
Livestock	Livestock	57,000,000.00	100,000.00	56,900,000.00	0
Fisheries	Fisheries	7,000,000.00	50,000.00	6,950,000.00	1
Agricultural Services	Agricultural Services	27,998,483.00	100,000.00	27,898,483.00	0
Animal Disease Management	Animal Disease Management	5,000,000.00	50,000.00	4,950,000.00	1

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Agricultural Training Centre (ATC) & AMS	Agricultural Training Centre (ATC)	33,600,000.00	11,548,966.30	22,051,033.70	34
Total	-	704,686,689.00	61,532,335.60	643,154,353.40	9
DEPARTMENT: WATER, & IRRIGATION					
General Administration	Administration Services	372,202,628.00	500,000.00	371,702,628.00	0
Total	-	**372,202,628.00**	**500,000.00**	**371,702,628.00**	0
DEPARTMENT: EDUCATION, TECHNOLOGY, GENDER & SOCIAL DEVELOPMENT					
General Administration	General Administration	22,714,999.00	300,000.00	22,414,999.00	1
Early Childhood Development Education (ECDE)	Early Childhood Development Education (ECDE)	237,450,000.00	100,000.00	237,350,000.00	0
'Technical and Vocation Education	'Technical and Vocation Education	69,827,375.00	-	69,827,375.00	0
'Gender Mainstreaming and Social Services	'Gender Mainstreaming and Social Services	98,550,000.00	100,000.00	98,450,000.00	0
Total	-	**428,542,374.00**	**500,000.00**	**428,042,374.00**	**0**
DEPARTMENT: HEALTH SERVICES					
General Administration	General Administration	-	-	-	0
Curative Health	Curative Health	742,073,703.98	250,000.00	741,823,703.98	0
Preventive and Promotive Health	Preventive and Promotive Health	216,886,029.00	250,000.00	216,636,029.00	0
Total	-	**958,959,732.98**	**500,000.00**	**958,459,732.98**	0
DEPARTMENT: LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT & PUBLIC WORKS					
General Administration	General Administration	30,000,000.00	-	30,000,000.00	0
Lands & Public Works	Lands & Public Works	70,000,000.00	150,000.00	69,850,000.00	0
Physical Planning, House & Urban Development	Physical Planning, House & Urban Development	311,890,200.00	200,000.00	311,690,200.00	0
Meru Municipality	Meru Municipality	30,000,000.00	150,000.00	29,850,000.00	1
Total	-	**441,890,200.00**	**500,000.00**	**441,390,200.00**	0
DEPARTMENT: PUBLIC SERVICE ADMINISTRATION & LEGAL AFFAIRS					
General Administration	General Administration	14,731,240.70	200,000.00	14,531,240.70	1
Coordination of County Government Functions Sub County	Coordination of County Government Functions Sub County	20,786,914.00	-	20,786,914.00	0
County Office Accommodation and Enforcement Services	County Office Accommodation and Enforcement Services	49,371,069.20	100,000.00	49,271,069.20	0
Human Resource	Human Resource	4,869,449,646.00	1,320,916,518.30	3,548,533,127.70	27
Office of the County Attorney	Office of the County Attorney	72,609,776.00	100,000.00	72,509,776.00	0
Towns Management & Administration	Towns Management & Administration	3,300,000.00	100,000.00	3,200,000.00	3
Total	-	**5,030,248,645.90**	**1,321,416,518.30**	**3,708,832,127.60**	26
DEPARTMENT: 'ROADS, TRANSPORT & ENERGY					
General Administration-Roads	General Administration-Roads	592,470,127.00	250,000.00	592,220,127.00	0

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Energy	Energy	24,590,814.00	250,000.00	24,340,814.00	1
Total	-	**617,060,941.00**	**500,000.00**	**616,560,941.00**	0
DEPARTMENT: 'TRADE, TOURISM & COOPERATIVES DEVELOPMENT					
Headquarters	Headquarters	-	-	-	0
Co-operatives Development	Co-operatives Development	40,628,097.00	200,000.00	40,428,097.00	0
Tourism Development	Tourism Development	55,000,000.00	150,000.00	54,850,000.00	0
Trade Development	Trade Development	80,000,000.00	150,000.00	79,850,000.00	0
Total	-	**175,628,097.00**	**500,000.00**	**175,128,097.00**	**0**
DEPARTMENT: 'YOUTH AFFAIRS & SPORTS					
General Administration	General Administration	-	-	-	0
Youth Affairs	Youth Affairs	161,650,000.00	150,000.00	161,500,000.00	0
Sports Development	Sports Development	40,000,000.00	150,000.00	39,850,000.00	0
Arts and Culture Development	Arts and Culture Development	35,000,000.00	200,000.00	34,800,000.00	1
Total	-	**236,650,000.00**	**500,000.00**	**236,150,000.00**	**0**
DEPARTMENT: COUNTY PUBLIC SERVICE BOARD					
Human Resource Management	Human Resource Management	30,000,000.00	250,000.00	29,750,000.00	1
Total	-	**30,000,000.00**	**250,000.00**	**29,750,000.00**	**1**
DEPARTMENT: ENVIRONMENT, NATURAL RESOURCES & CLIMATE CHANGE					
General Administration	General Administration	45,500,592.37	250,000.00	45,250,592.37	1
	Environmental Managemental and climate change mitigation plans	31,600,000.00	1,699,000.00	29,901,000.00	5
Total		**77,100,592.37**	**1,949,000.00**	**75,151,592.37**	**3**
COUNTY TOTAL BUDGET		**10,204,300,370.41**	**1,676,810,301.90**	**8,527,490,068.51**	**16**

Source: *Meru County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Legislation and Representation in the Department of Assembly at 21 per cent, Agricultural Training in the Department of Agriculture at 34 per cent, Human resource in the Department of Public Service, Administration and Legal Affairs at 27 per cent, and General Administration at 21 per cent of budget allocation.

3.27.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.44.04 million against an annual projection of Kshs.600 million, representing 7.3 per cent of the annual target.
2. High level of pending bills which amounted to Kshs.1.16 billion as of 30th September 2022.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.60 million were processed through the manual payroll and accounted for 4.1 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. Failure to comply with the PFM, 2012 requirement of allocating a minimum of 30 per cent of the budget to development expenditure. The allocation to development expenditure was 29.5 per cent of the budget.

The County should implement the following recommendations to improve budget execution;

1. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
2. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
4. *The County should ensure the budget allocation to development expenditure is maintained at a minimum of 30 per cent of the budget in the medium term in line with Section 107 (2) (b) of the PFM Act, 2012.*

3.28 County Government of Migori

3.28.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.8.97 billion, comprising Kshs. 2.79 billion (31.1 per cent) and Kshs.6.18 billion (68.9 per cent) for development and recurrent programmes, respectively. The approved budget estimate is an improvement of 1.6 per cent compared to the previous financial year when the approved budget was Kshs.8.82 billion and comprised of Kshs.2.85 billion towards development expenditure and Kshs.5.97 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.01 billion (89.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.350 million (3.9 per cent) from its own sources of revenue, The County also expects to receive Kshs.617.96 million (6.9 per cent) as conditional grants, which consist of DANIDA Grant-, National Agricultural and Rural Inclusive Growth Project (NARIGP), Instrument for Devolution Advice and Support (IDEAS), Transforming Health Systems for Universal Care Project, UNFPA - 9th Country Programme Implementation, Agricultural Sector Development Support Programme (ASDSP) II, Climate Change, County Urban Development Grant, and Urban Intuitional Grant. There was no cash balance from the previous financial year.

3.28.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.32 billion as the equitable share of the revenue raised nationally, raised Kshs.70.37 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.39 billion, as shown in Table 3-128.

Table 3-128: Migori County, Revenue Performance in the First Quarter of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**8,005,020,448**	1,320,828,374	**16.5**
Sub Total		**8,005,020,448**	**1,320,828,374**	**16.5**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	350,000,000	70,372,899	20.1
2.	DANIDA Grant-	15,006,750	-	-
3.	National Agricultural and Rural Inclusive Growth Project (NARIGP)	276,072,733	-	-
4.	Instrument for Devolution Advice and Support (IDEAS)	15,626,168	-	-
5.	Transforming Health Systems for Universal Care Project	48,944,473	-	-
6.	UNFPA - 9th Country Programme Implementation	4,432,000	-	-

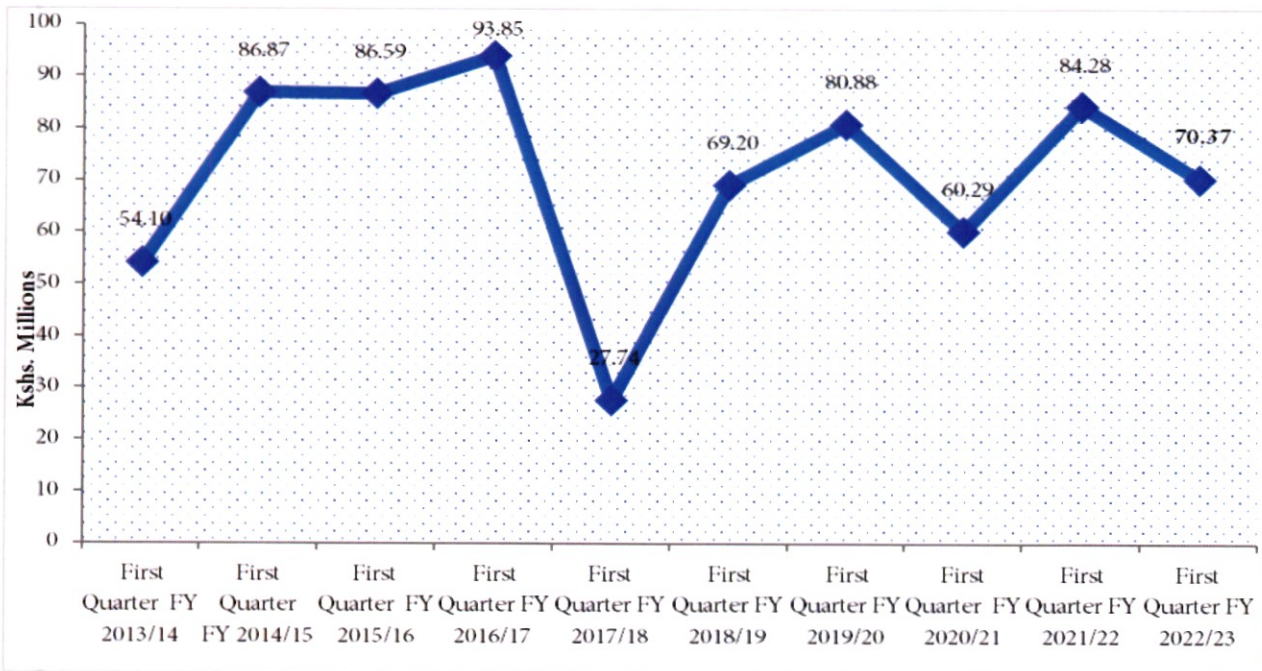
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
7.	Agricultural Sector Development Support Programme (ASDSP) II	31,009,120	-	-
8.	Climate Change	10,000,000	-	-
9.	County Urban Development Grant	206,871,236	-	-
10.	Urban Intuitional Grant	10,000,000	-	-
Sub Total		**617,962,480**	**70,372,899**	**11.4**
Grand Total		**8,972,982,928**	**1,391,201,273**	**15.5**

Source: Migori County Treasury

The conditional grants were not released in the First Quarter of FY 2022/23.

Figure 3-77 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

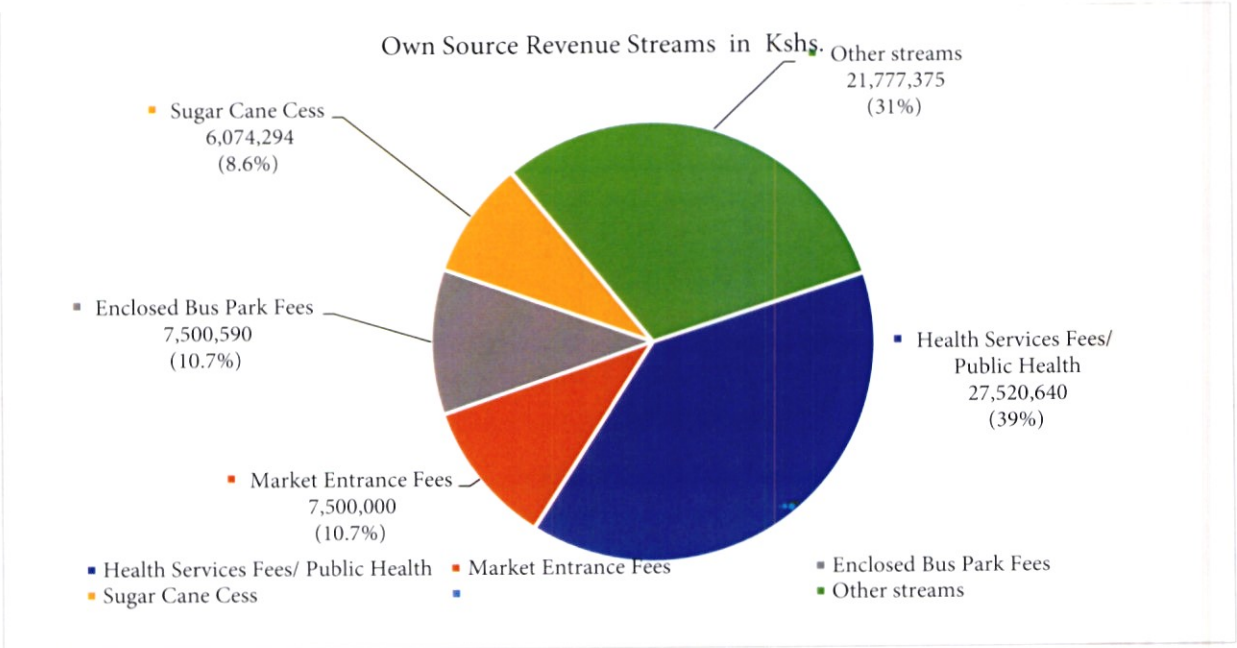
Figure 3-77: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Migori County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs70.37 million as own-source revenue. This amount represented a decrease of 1.6 per cent compared to Kshs.84.27 million realised in a similar period in FY 2021/22 and was 20.1 per cent of the annual target and 10.3 per cent of the received equitable share. The OSR do not include revenue arrears and penalties charged on the arrears from the previous financial year. The top five revenue streams which contributed the highest OSR are shown in Figure 3-78.

Figure 3-78: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Migori County Treasury

The highest revenue stream was from Health Services Fees of Kshs.27.52 million, which contributed to 39 per cent of the OSR collected in the first quarter of FY 2022/23.

3.28.3 Exchequer Issues

The Controller of Budget approved Kshs.852.28 million in withdrawals from the CRF account during the reporting period which was entirely for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.777.98 million for compensation to employees and Kshs.74.30 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.765.07 million.

3.28.4 County Expenditure Review

The County spent Kshs.818.81 million on recurrent programmes during the reporting period. This expenditure represented 96.1 per cent of the total funds released by the CoB and was 13.2 per cent of the annual recurrent expenditure budget.

3.28.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County reported the stock of pending bills of Kshs.605.66 million which comprised Kshs.441.34 million for recurrent expenditure and Kshs.163.92 million for development activities. During the period under review, pending bills amounting to Kshs.0.40 million were settled, for recurrent expenditure and therefore the outstanding bills as of 30th September 2022 were Kshs.605.26 million.

3.28.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.723.62 million on employee compensation and Kshs.47.85 million on operations and maintenance. Similarly, the County Assembly spent Kshs.43.92 million on employee compensation and Kshs.3.4 million on operations and maintenance, as shown in Table 3-129.

Table 3-129: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,345,257,176**	**836,834,225**	**771,479,927**	**47,334,698**	**14.4**	**5.7**
Compensation to Employees	2,685,002,343	431,100,365	723,623,007	43,926,923	27	10.2
Operations and Maintenance	2,660,254,833	405,733,860	47,856,920	3,407,775	1.8	0.8
Development Expenditure	**2,740,891,527**	**50,000,000**	-	-	-	-
Total	**8,086,148,703**	**886,834,225**	**771,479,927**	**47,334,698**	**9.5**	**5.3**

Source: Migori County Treasury

3.28.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.767.54 million was 54 per cent of the realised revenue of Kshs.1.39 billion and included Kshs.353.28 million attributable to the health sector, which translated to 46 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs731.12 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.36.43 million. The manual payroll amounted to 4.7 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly did not report any expenditure on committee sitting allowances for the 59 MCAs and the Speaker against the annual budget allocation of Kshs.98 million.

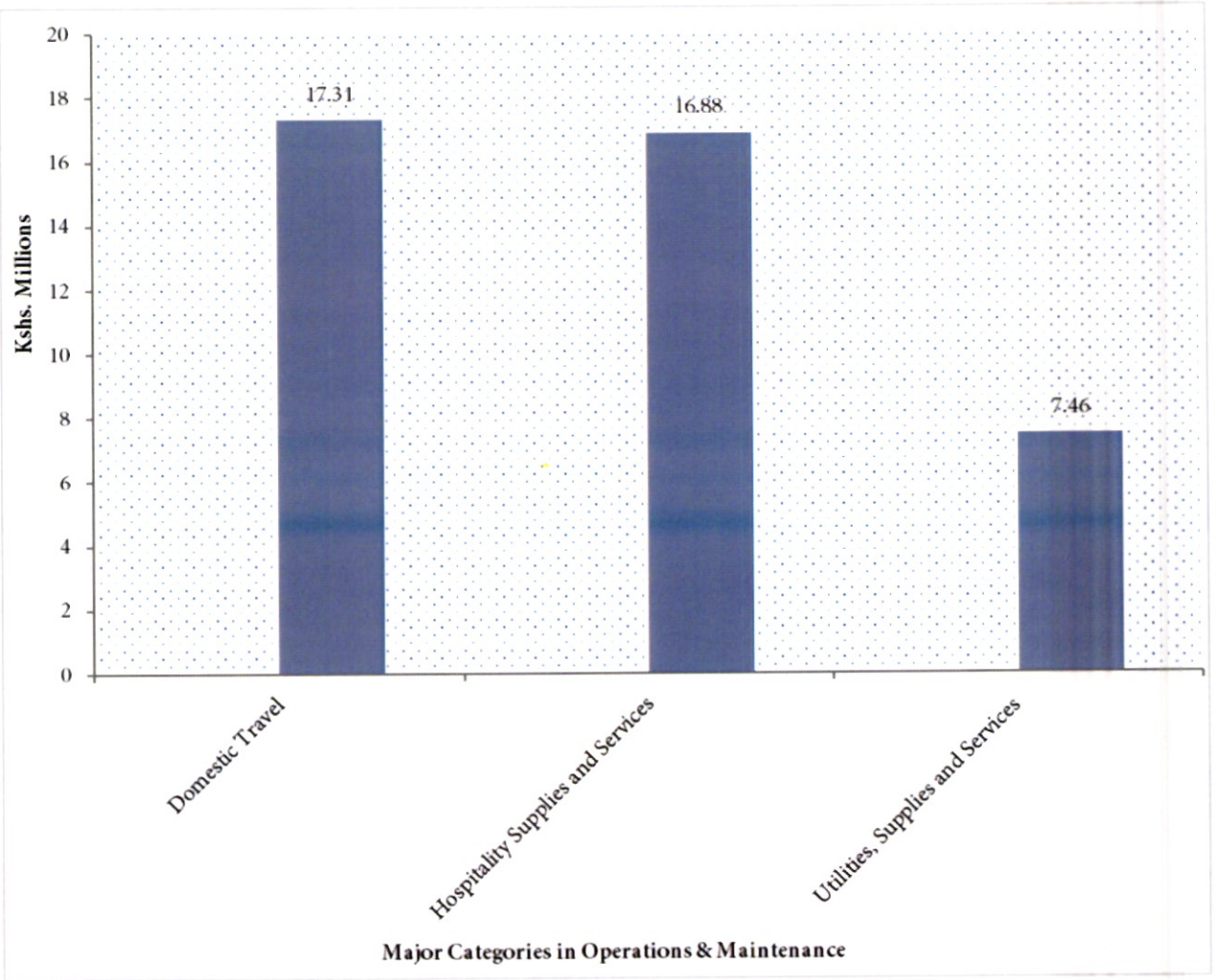
3.28.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.The County did not allocate funds to county-established funds in FY 2022/23.

3.28.9 Expenditure on Operations and Maintenance

Figure 3-79 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-79: Migori County, Operations and Maintenance Expenditure by Major Categories



Source: Migori County Treasury

During the period, expenditure on domestic travel amounted to Kshs.17.31 million and was spent by the County Executive.

3.28.10 Development Expenditure

The County did not report any development expenditure during the reporting period of the First Quarter of FY 2022/23

3.28.11 Budget Performance by Department

Table 3-130 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-130: Migori County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock Production, Fisheries, Veterinary Services and Water	230.73	393.30	36.34	-	33.73	-	92.8	-	14.6	-
County Executive	140.06	120	20.82	-	23.34	-	112	-	16.7	-
Public Service Management	741.63	107.90	104.41	-	148.59	-	142.	-	20	-
Education, Youth Sports, Culture and Social Development	650.44	163	62	-	57.35	-	92.5	-	8.8	-
Trade Development and Regulation	94.69	80.25	17.84	-	16.72	-	93.7	-	17.7	-
Lands, Housing, Physical Planning and Survey	148.08	346.87	14.49	-	13.27	-	91.5	-	9	-
Finance and Economic Planning	704.15	10	102.16	-	92.43	-	90.5	-	13.1	-
Public & Nutrition Services	442.84	153.99	24	-	-	-	-	-	-	-
Medical Health Services	1,625.86	260.86	358.22	-	353.59	-	98.7	-	21.7	-
Environment and Disaster Management	92.93	10	8.1	-	8.9	-	111	-	9.6	-
Roads, Public Works, Transport and Energy	218.09	774.70	14.33	-	13.26	-	92.6	-	6.1	-
County Assembly	836.834	50	47.33	-	47.33	-	100	-	9.5	-
Water and Energy	93.22	320	10.28	-	10.20	-	99.2	-	10.9	-
County Attorney	162.50	-	-	-		-	-	-	-	-
TOTAL	**6,182.09**	**2,790.89**	**818.81**	**-**	**818.33**		**99.8**	**-**	**13.8**	**-**

Source: Migori County Treasury

Analysis of expenditure by department shows that the Department of Medical Health Services recorded the highest absorption rate of the recurrent budget at 21.7per cent, followed by the Department of Public Service Management at 20 per cent. A number of departments reported expenditures above exchequer issues which is an indication of a weak internal control system and diversion of funds by the County Treasury.

3.28.12 Budget Execution by Programmes and Sub-Programmes

Table 3-131 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-131: Migori County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Agriculture, Livestock Development and Fisheries Development					
External Funding	Donor Fund	175,591,511	-	175,591,511	-
Fisheries development and management	Aquaculture Development and Extension Services	2,950,000	-	2,950,000	-
Policy, planning, general administration and support services	Livestock Breeds Improvement & Upgrading	4,062,500	-	4,062,500	-
Crop Development	Crop Development	10,000,000	-	10,000,000	-
Livestock Disease Control and Management	Livestock Disease Control and Management	4,050,000	-	4,050,000	-
General administration	General administration	396,447,627	33,732,357	362,715,270	9
	capacity building and training	465,500	-	465,500	-
	Field Extension Services and Support Programme	20,284,984	-	20,284,984	-
	Field Extension Services & Support Programme Livestock	6,890,881	-	6,890,881	-
	Fisheries Development	537,878	-	537,878	-
	Fisheries Development and Management	700,000	-	700,000	-
	Aquaculture Development and Extension Services	550,000	-	550,000	-
	Disease control	565,000	-	565,000	-
	Veterinary Public Health management	527,303	-	527,303	-
	Livestock Breeding and Livestock Products	420,000	-	420,000	-
Sub total		624,043,182	33,732,357	590,310,825	5
County Assembly					
General administration and support services	Administrative services	18,240,462	-	18,240,462	-
Oversight management services	Committee management services	130,200,000	47,334,698	82,865,302	36
Legislative services	Representation	102,200,000		102,200,000	-
General administration and support services	Administrative services	573,573,336	-	573,573,336	-
Pending bills	Pending bills	12,620,427		12,620,427	-
Infrastructures development	infrastructures development	50,000,000	-	50,000,000	-
Sub total		886,834,225	47,334,698	839,499,527	5
County Attorney					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Management and administration	General administration	53,000,000	-	53,000,000	-
	Finance	50,000,000	-	50,000,000	-
	Statistics, research, information management and public relations	2,900,000	-	2,900,000	-
Law administration	Law report and reviews	17,000,000	-	17,000,000	-
	Promotion of rule of law	1,000,000	-	1,000,000	-
	Legal aid	1,000,000	-	1,000,000	-
Legal education	Professional and career development	2,600,000	-	2,600,000	-
Pending bills	Pending bills	35,000,000	-	35,000,000	-
sub total		162,500,000	-	162,500,000	-
County Executive					
Enhanced Management, Coordination & Supervision.	Peace Building Initiatives	1,857,500	1,030,000	827,500	55
Governance and Executive Management	Citizen Delivery Services	74,637,247	10,802,250	63,834,997	14
	Governance and Executive management	48,146,000	5,973,677	42,172,323	12
General Administration	Strategy and advisory	9,193,500	1,868,270	7,325,230	20
	General Administration	126,227,247	3,673,300	122,553,947	3
Sub total		260,061,494	23,347,497	236,713,997	9
Education, Gender, Sports, Youth Development and Culture					
General administration	General administration	561,241,209	57,355,199	503,886,010	10
	Education Support Services	3,000,000	-	3,000,000	-
	Construction of Cultural Central and Cultural Activities	4,500,000	-	4,500,000	-
	Youth Enterprise Training and Agri-Business Project	8,000,000	-	8,000,000	-
	Vocational Training Services	2,000,000	-	2,000,000	-
ECDE Services	ECDE Services	6,500,000	-	6,500,000	-
	Child Care Services	43,000,000	-	43,000,000	-
Sports and Talent Development	Sports Development	47,500,000	-	47,500,000	-
Culture Development Promotion and Arts	Culture and Heritage Conservation	4,500,000	-	4,500,000	-
Education Support	Education Support	5,000,000	-	5,000,000	-
	Bursaries	100,000,000	-	100,000,000	-
Gender and Equality Services	Women Empowerment	4,975,000	-	4,975,000	-
	People with Disability Empowerment	5,000,000	-	5,000,000	-
External Funding	Conditional Grants	18,219,947	-	18,219,947	-
Sub total		813,436,156	57,355,199	756,080,957	7
Environment, Natural Resource and Disaster Management					
Solid Waste Management	Solid Waste Management	13,150,000	2,241,455	10,908,545	17

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Forestry Conservation and Development	Forestry Conservation and Development	2,200,000	-	2,200,000	-
Disaster Management Services	Disaster Management Services	6,558,510	3,202,850	3,355,660	49
General Administration Support Services	General Administration Support Services	81,028,526	3,505,120	77,523,406	4
Sub total		102,937,035	8,949,425	93,987,610	9
Finance and Economic Planning					
General Administration	General Administration (Planning)	554,826,556	43,639,120	511,187,435	8
Financial management services	Resource mobilization	13,476,574	3,451,941	10,024,633	26
	Accounting Services	56,518,177	19,679,823	36,838,354	35
	Procurement Services	7,846,285	2,551,226	5,295,059	33
	Audit Services	5,170,000	2,077,440	3,092,560	40
Economic policy and county planning	Budget Coordination and Management	2,137,500	489,600	1,647,900	23
	Policy and Plans Development	72,705,604	20,080,090	52,625,514	28
	Community Development	1,468,353	469,900	998,453	32
Sub total		714,149,048	92,439,141	621,709,907	13
Health-Medical services					
General administration	General administration	492,000	-	492,000	-
	Infrastructure and Health facility management	53,291,500	-	53,291,500	-
	Purchase of Non-pharmaceuticals	117,368,919	-	117,368,919	-
	General administration	1,607,845,948	350,481,243	1,257,364,705	22
	Health standards, quality assurance and standards	1,836,000	-	1,836,000	-
	Human Resource Management & development	3,525,000	-	3,525,000	-
External Funding	Conditional Grants	76,648,936	-	76,648,936	-
Maternal Health Services	Maternal Health Services	1,256,000	-	1,256,000	-
Preventive, promotive Health services and Disease Control	Human Nutrition and Dietetics	1,025,000	-	1,025,000	-
	Malaria	1,115,000	-	1,115,000	-
	HIV/AIDS and TB	1,585,000	-	1,585,000	-
	Disease surveillance /Emergency preparedness& response	10,145,000	445,500	9,699,500	4
	Health promotion & education	775,000	144,883	630,117	19
	Non-Communicable Diseases, Violence and Injuries	6,760,000	1,987,690	4,772,310	29
Curative, Rehabilitative and Referral services	Hospital Services	3,065,200	533,745	2,531,455	17
Sub total		1,886,734,503	353,593,061	1,533,141,442	19
Health - Public health					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Planning and administrative support services	Health management informative system	17,615,750	-	17,615,750	-
	Administrative and support services	48,724,000	-	48,724,000	-
	Standards, quality assurance & regulations	34,659,000	-	34,659,000	-
	Human resource management & development	74,447,818	-	74,447,818	-
Preventive and promotive health services	Community health services	5,520,000	-	5,520,000	-
	Sanitation and environmental health services	4,428,000	-	4,428,000	-
	Human nutrition and dietetics	2,688,000	-	2,688,000	-
	HIV and AIDS management	3,300,000	-	3,300,000	-
	Disease surveillance	3,208,000	-	3,208,000	-
	Emergency preparedness and response	4,500,000	-	4,500,000	-
	Health promotion	2,350,000	-	2,350,000	-
	Family& reproductive health	3,143,000	-	3,143,000	-
	Non-communicable diseases (NCDs)	4,478,000	-	4,478,000	-
	Maternal child and adolescence health services	11,388,000		11,388,000	-
External funding	Donor funds	19,438,750		19,438,750	-
LINDA MAMA	Health Centres and dispensaries Linda Mama reimbursement (140 facilities)	13,760,000	-	13,760,000	-
	Hospital Linda Mama reimbursement (14 hospitals)	26,500,000	-	26,500,000	-
Curative, rehabilitative and referral services	Pharmaceutical and non-pharmaceutical commodities	151,437,385	-	151,437,385	-
	Emergency and referral services	5,556,000	-	5,556,000	-
	Malaria Control	3,520,000	-	3,520,000	-
	Tuberculosis Control	2,180,000	-	2,180,000	-
Improvement of Health Infrastructure at Dispensary and Health Centre - Public	Improvement of Health Infrastructure at Dispensary and Health Centre - Public	105,050,000	-	105,050,000	-
External Funding	THS Transforming Health systems Donor Grant	48,944,473	-	48,944,473	-
Sub total		596,836,176	-	596,836,176	-
Lands, Housing and Physical Planning					
Land development services	Survey Services	29,300,000	-	29,300,000	-
General administration	General administration	324,019,287	13,271,751	310,747,536	4
	Donor Fund	141,635,618	-	141,635,618	-
sub total		494,954,905	13,271,751	481,683,154	3
Public Service Management					
General administration	Infrastructure Development Services	8,950,000	-	8,950,000	-
	General administration	814,161,959	144,072,136	670,089,822	18
ICT Infrastructure	ICT Infrastructure	5,000,000	-	5,000,000	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Enhanced Management, Coordination & Supervision.	Enhanced Management, Coordination & Supervision.	1,530,000	721,500	808,500	47
Information Communication Services	Information Communication Services	850,000	-	850,000	-
Personnel Services	Personnel Services	2,300,277	482,900	1,817,377	21
	Human Resource Management	950,000	-	950,000	-
Sub County Administration Services	Devolved Units Development Services	3,020,000	360,250	2,659,750	12
Budget Formulation coordination and Management	Budget Formulation coordination and Management	12,765,420	2,954,783	9,810,637	23
Sub total		849,527,655	148,591,569	700,936,086	17
Roads, Transport and Public Works					
Road management services	Construction of Bridges and Culverts	75,000,000	-	75,000,000	-
	Road management services	362,350,932	-	362,350,932	0
	Urban and Town Road Development	10,000,000	-	10,000,000	-
General administration	General administration	545,445,426	13,266,057	532,179,369	2
Sub total		992,796,358	13,266,057	979,530,301	1
Trade Tourism and Cooperative Development					
Commerce and tourism development	Tourism Promotion and Marketing	2,000,000	-	2,000,000	-
	Cooperative Development Services	1,500,000	-	1,500,000	-
	Industrial and Enterprise Development	500,000	-	500,000	-
	Trade Infrastructure Development Services	36,125,531	-	36,125,531	-
	Cooperative Audit Services, Inspection and Risk Assessment	390,000	-	390,000	-
	Cooperative Development Services	1,000,000	-	1,000,000	-
General administration	General administration	131,432,385	16,726,734	114,705,650	13
	Verification	750,000	-	750,000	-
	Mapping of Liquor Outlets	1,250,000	-	1,250,000	-
Sub total		174,947,915	16,726,734	158,221,181	10
Water And Energy					
Water Supply and Management Services	Rural Water Services	339,601,838	-	339,601,838	-
	Urban Water Supply & Management	19,123,658	8,983,057	10,140,602	47
Alternative Energy Services	Alternative Energy Technologies	51,998,780	200,000	51,798,780	0.3
	Conventional Power Services	2,500,000	1,024,078	1,475,922	41
Sub total		413,224,276	10,207,135	403,017,141	2
Grand total		**8,972,982,928**	**818,814,624**	**8,154,168,304**	**9**

Source: Migori County Treasury.

Sub-programmes with the highest levels of implementation based on absorption rates were: Peace Building Initiatives in the department of county Executive at 55 per cent, Disaster Management Services in the Department of Environment, Natural Resource and Disaster Management at 49 per cent, Urban Water Supply & Management in the Department of Water And Energy at 47 per cent, Enhanced Management, Coordination & Supervision in the Department of Public Service Management at 47 per cent of budget allocation.

3.28.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.70.37 million against an annual projection of Kshs.350 million, representing 20.1 per cent of the annual target.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3-130, where the County incurred expenditure over approved exchequer issues in a number of departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Migori County Executive Car Loan and Mortgage Loan Scheme Fund, Migori County Alcoholic Drink Fund and Migori assembly Car Loan and Mortgage Fund were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.605.26 million as of 30th September 2022. This is despite the availability of cash in the CRF which stood at Kshs.765.07 million at the end of the First Quarter of FY 2022/23.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.36.43 million were processed through the manual payroll and accounted for 4.7 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

The County should implement the following recommendations to improve budget execution;

1. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.29 County Government of Mombasa

3.29.1 Overview of FY 2022/23 Budget

The County's approved Original Budget for the FY 2022/23 is Kshs.13.70 billion, comprising Kshs. 4.40 billion (32.1 per cent) and Kshs.9.30 billion (67.9 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 6.2 per cent compared to the previous financial year when the approved 3rd Supplementary budget was Kshs.14.60 billion and comprised of Kshs.4.43 billion towards development expenditure and Kshs.10.17 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.57 billion (55.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.4.81 billion (35.1 per cent) from own source of revenue. The County

also expects to receive Kshs.1.32 billion (9.6 per cent) as conditional grants, which comprises Kshs.950 million of IDA (WB) Credit: Water & Sanitation Development Project (WSDP), Kshs.219.42 million of World Bank - Kenya Informal Settlement Improvement Project (KISIP II), Kshs.125 million of Finance Locally - Led Climate Action Program (FLLOCA), Kshs. 14.87 of DANIDA Grant and Kshs. 8.85 million of Sweden - Agricultural Sector Development Support Programme (ASDSP) II.

The cash balances for conditional grants from FY 2021/22 amounted to Kshs.39.32 million and comprised Kshs.10.01 million for the Road Maintenance Levy Fund, Kshs.23.08 million for DANIDA Grant, Kshs.2.84 million for COVID 19 Grant and Kshs.1.37 million of ASDSP II. These carried-forward conditional grants were not included in financing the budget.

3.29.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.85 billion as the equitable share of the revenue raised nationally, raised Kshs.568.87 million as own-source revenue and had a cash balance of Kshs.39.42 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.2.46 billion, as shown in Table 3-132.

Table 3-132: Mombasa County, Revenue Performance in the First Quarter of FY 2022/23

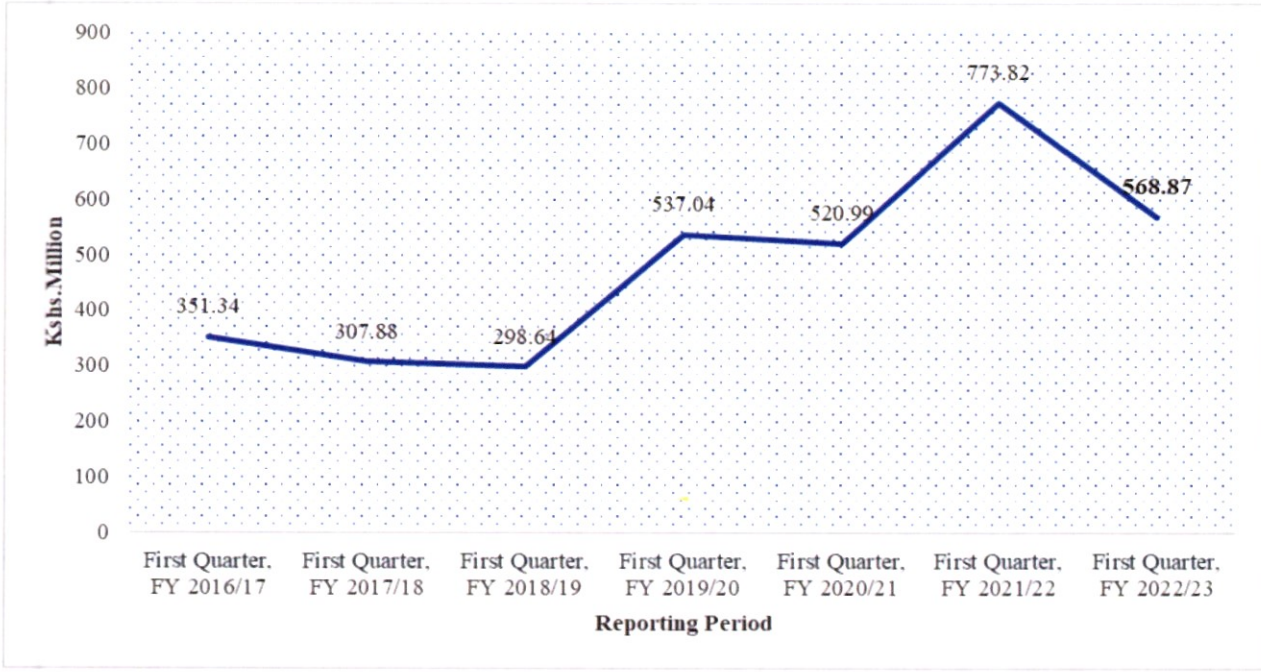
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**7,567,354,061**	**1,854,001,746**	**24.5**
B	**Other Sources of Revenue**			
	Own Source Revenue	4,814,500,985	568,869,104	11.8
C	**Conditional Grants**			
1.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	950,000,000	-	-
2.	World Bank - Kenya Informal Settlement Improvement Project (KISIP II)	219,423,444	-	-
3.	Finance Locally - Led Climate Action Program (FLLOCA)	125,000,000	-	-
4.	DANIDA Grant	14,874,100	-	-
5.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	8,847,410	-	-
6.	Unspent balance from FY 2021/22	-	39,420,923	-
Sub Total		**1,318,144,954**	**39,420,923**	**3**
Grand Total		**13,700,000,000**	**2,462,291,773**	**18**

Source: Mombasa County Treasury

No conditional grants were released in the First Quarter of FY 2022/23 as shown in Table 1.

Figure 3-80 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

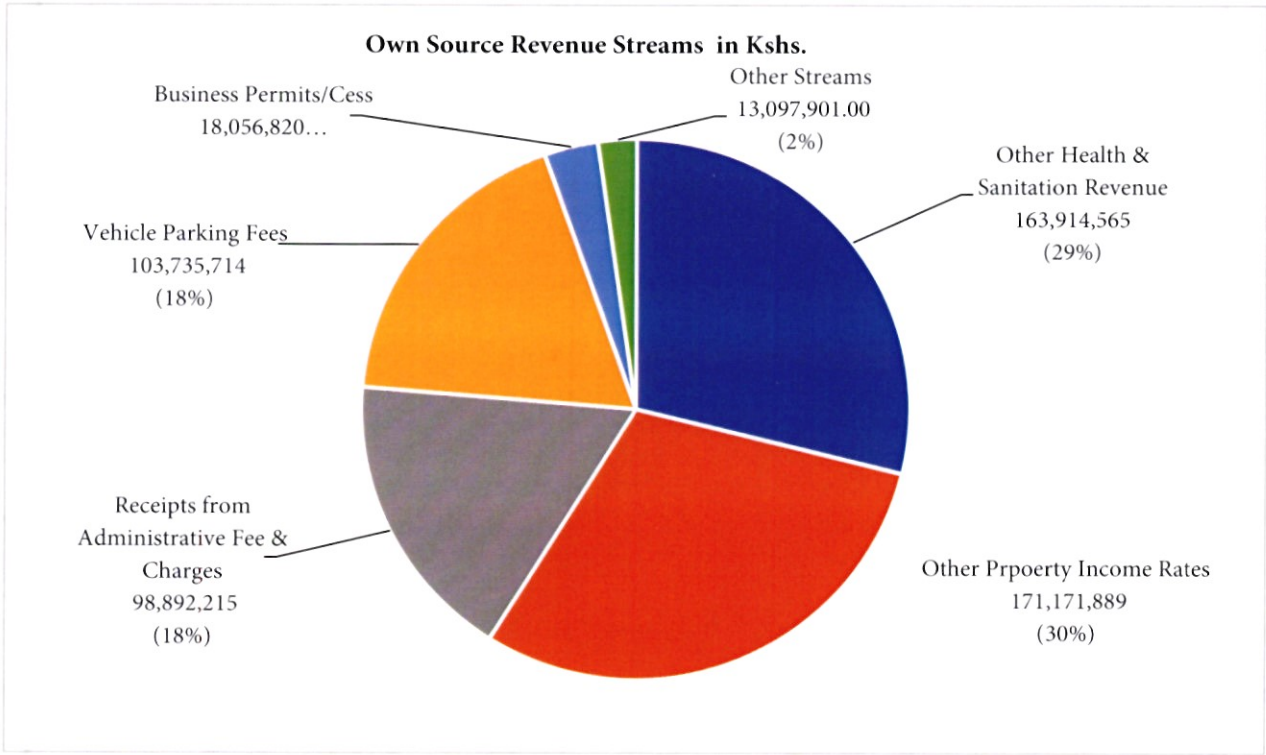
Figure 3-80: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Mombasa County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.568.87 million as own-source revenue. This amount represented a decrease of 26.5 per cent compared to Kshs.773.82 million realised in a similar period in FY 2021/22 and was 11.8 per cent of the annual target and 30.7 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-81.

Figure 3-81: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Mombasa County Treasury

The highest revenue stream was from Hospitals/H.C of Kshs.11.7 million, which contributed to 19 per cent of the OSR collected in the first quarter of FY 2022/23.

3.29.3 Exchequer Issues

The Controller of Budget approved Kshs.2 billion in withdrawals from the CRF account during the reporting period, which was entirely for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.1.02 billion for compensation to employees and Kshs.978.17 million for Operations and Maintenance expenditures.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.629.29 million.

3.29.4 Borrowing by the County

The County has an outstanding Equity Bank overdraft of Kshs.856.09 million, which was converted into a term loan of Kshs.745.30 million. This loan facility was, however not processed in line with Article 212 of the Constitution.

3.29.5 County Expenditure Review

The County spent Kshs.1.91 billion during the period under review, which comprised Kshs.14.48 million and Kshs.1.89 billion for development and recurrent programmes. Expenditure on development programmes represented an absorption rate of 0.3 per cent, while recurrent expenditure represented 20.4 per cent of the annual development and recurrent expenditure budget, respectively.

3.29.6 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.5.23 billion, which comprised of Kshs.4.03 billion for recurrent expenditure and Kshs.1.20 billion for development activities. During the period under review, pending bills amounting to Kshs.537.46 million were settled, consisting of Kshs.429.17 million for recurrent expenditure and Kshs.108.29 million for development programmes. The outstanding pending bills were at Kshs.5.14 billion as of 30th September 2022, comprising Kshs.1.72 billion and Kshs.3.14 billion for development and recurrent pending bills correspondingly.

3.29.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.927.23 billion on employee compensation, Kshs.890.50 million on operations and maintenance, and Kshs.14.48 million on development projects retention payment activities. Similarly, the County Assembly spent Kshs. 55.39 million on employee compensation and Kshs.21.07 million on operations and maintenance, as shown in Table 3-133.

Table 3-133: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**8,441,000,000**	**859,000,000**	1,817,736,110	76,458,904	**21.5**	**8.9**
Compensation to Employees	5,350,146,504	375,697,221	927,231,947	55,392,800	17.3	14.7
Operations and Maintenance	3,090,853,496	483,302,779	890,504,163	21,066,104	28.8	4.4
Development Expenditure	**4,370,000,000**	**30,000,000**	**14,483,645**	-	**0.3**	**0.0**
Total	**12,811,000,000**	**889,000,000**	**1,832,219,755**	**76,458,904**	**14.3**	**8.6**

Source: Mombasa County Treasury

3.29.8 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue.

Expenditure on compensation to employees of Kshs.982.62 million was 39.9 per cent of the realised revenue in the First Quarter of Kshs.2.46 billion and included Kshs.718.87 million attributable to the health sector, which translated to 73.2 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.934.26 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.87.54 million. The manual payroll amounted to 8.6 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly spent Kshs.8.39 million on committee sitting allowances for the 43 MCAs and the Speaker against the annual budget allocation of Kshs.41 million, which was 15.2 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.65,060 per MCA.

3.29.9 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.441.89 million to county-established funds in FY 2022/23, constituting 3.2 per cent of the County's overall budget for the year. Table 3-134 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-134: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Mombasa County Scholarship and Other Educational Benefits	211,890,000	-	-	No
2.	Grants for Management of Natural Disasters	30,000,000	-	-	No
County Assembly Established Funds					
3.	Car Loan and Mortgage for Members and Staff	200,000,000	-	-	No
	Total	**441,890,000**			

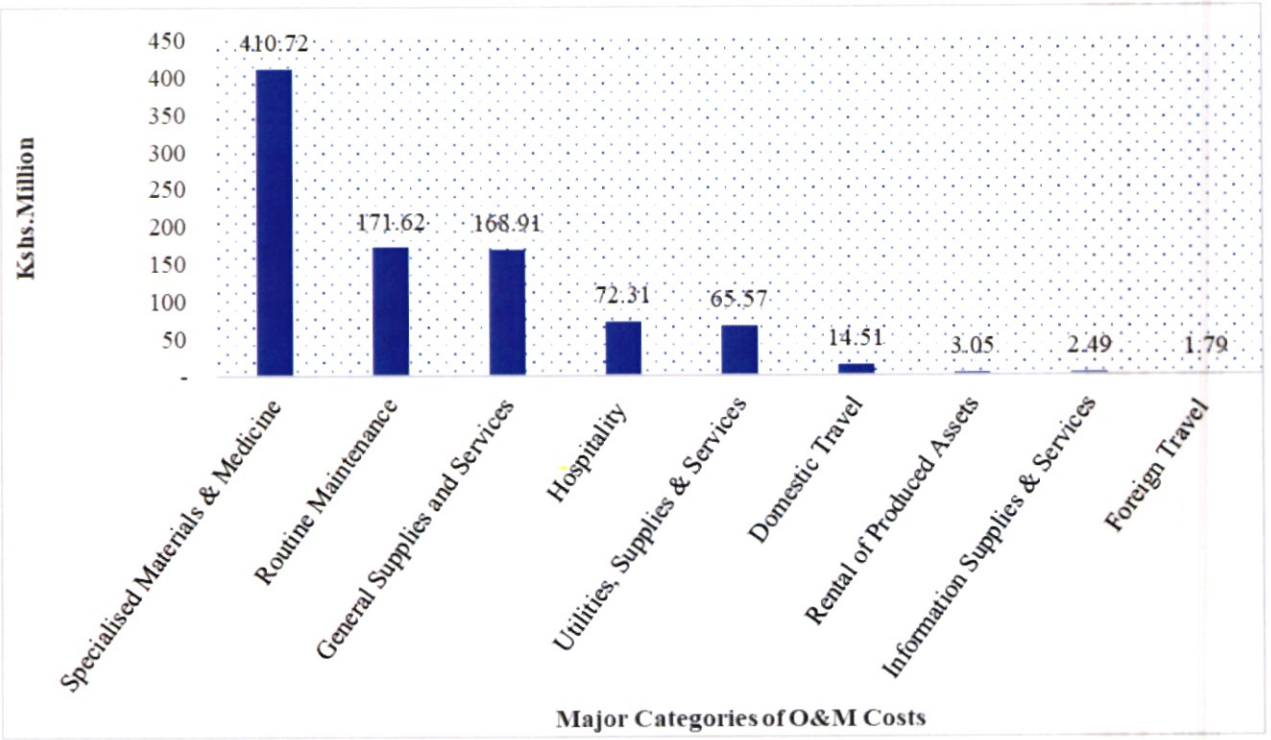
Source: *Mombasa County Treasury*

The OCoB did not receive quarterly financial returns from the Fund Administrators as indicated inTable 3-134, which is against the requirement of Section 168 of the PFM Act, 2012.

3.29.10 Expenditure on Operations and Maintenance

Figure 3-82 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-82: Mombasa County, Operations and Maintenance Expenditure by Major Categories



Source: *Mombasa County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.14.51 million and comprised of Kshs.6.41 million spent by the County Assembly and Kshs.8.10 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.79 million and comprised of Kshs.0.39 million by the County Assembly and Kshs.1.40 million by the County Executive.

3.29.11 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.14.48 million, mainly for payment of retention money for development projects.

3.29.12 Budget Performance by Department

Table 3-135 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-135: Mombasa County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
The Executive	360.00	25.00	67.57	-	5.24	-	7.7	0.0	1.5	-
Public Service Board	130.00	20.00	34.56	-	11.01	-	31.9	0.0	8.5	-
Finance and Economic Planning	594.48	300.00	277.95	-	501.09	-	180.3	0.0	84.3	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Energy, Environment and Waste Management	615.00	430.00	197.88	-	62.67	-	31.7	0.0	10.2	-
Education, Information Technology and Mv 2035	627.52	300.00	94.64	-	48.32	-	51.1	0.0	7.7	-
Health	3,255.00	149.00	766.74	-	908.89	-	118.5	0.0	27.9	-
Water, Environment and Natural Resources	130.00	1,000.00	16.17	-	5.49	-	33.9	0.0	4.2	-
Youth, Gender Sports and Cultural Affairs	260.00	500.00	16.56	-	11.81	-	71.3	0.0	4.5	-
Trade, Tourism and Investments	450.00	380.00	95.10	-	51.52	-	54.2	0.0	11.4	-
County Planning, Land and Housing	270.00	400.00	38.25	-	21.20	-	55.4	0.0	7.9	-
Transport, Infrastructure and Public Works	594.00	526.00	103.59	-	52.47	14.84	50.7	0.0	8.8	2.8
Agriculture, Fisheries, Livestock and Co-operatives	235.00	250.00	30.61	-	22.34	-	73.0	0.0	9.5	-
Devolution and Public Service Administration	920.00	90.00	180.29	-	114.81	-	63.7	0.0	12.5	-
County Assembly	859.00	30.00	80.06	-	76.98	-	96.2	0.0	9.0	-
TOTAL	**9,300.00**	**4,400.00**	**1,919.91**	**-**	**1,893.84**	**14.84**	**98.6**	**0.0**	**20.4**	**0.3**

Source: *Mombasa County Treasury*

Analysis of expenditure by department shows that the Department of Transport, Infrastructure and Public Works recorded the highest absorption rate of development budget at 2.8 per cent, while other departments had no development expenditure. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 84.3 per cent, while the County Executive Department had the lowest at 1.5 per cent.

The County Executive budget allocation is within the set CARA 2022 ceiling of Kshs.607.05 million. The County Assembly's recurrent budget is at Kshs.859 million, including Kshs.200 million for the MCAs Car Loan and Grants and Kshs.659 million for other recurrent expenditures. Therefore, the County Assembly recurrent budget is within the CARA 2022 allocation of Kshs.674.78 million.

3.29.13 Budget Execution by Programmes and Sub-Programmes

Table 3-136 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-136: Mombasa County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub- Programme	Approved Budget (Ksh. Million)	Actual Payments (Kshs. Million)	Variance (Kshs. Million)	Absorption (%)
3011 The Executive	Governor's Affairs & Advisory Services	160.0	5.2	0.0	3.3
	Deputy Governor's Affairs & External Relations	90.0	0.0	0.0	0.0
	Cabinet Affairs, Policy Research and Legal Services	80.5	0.0	0.0	0.0
	MV 2035 & E-Government	18.0	0.0	0.0	0.0
	Strategic Delivery Unit	36.5	0.0	0.0	0.0
3013 County Public Service Board	Administration Unit	150.0	11.0	0.0	7.3
3014 Finance and Economic Planning	Administration Unit	825.3	487.3	0.0	59.0
	Accounting Unit	30.2	6.4	0.0	21.2
	Planning and Monitoring Unit	39.0	7.4	0.0	19.0
3015 Energy, Environment & Waste Management	Administration, Planning and Support Services	569.2	62.7	0.0	11.0
	Waste Management	75.2	0.0	0.0	0.0
	Environmental Compliance and Monitoring	127.0	0.0	0.0	0.0
	Climate Change	180.2	0.0	0.0	0.0
	Energy	93.3	0.0	0.0	0.0
3016 Education, Information Technology & MV 2035	General Administration, Planning and Support Services	349.6	48.3	0.0	13.8
	Education headquarters	104.2	0.0	0.0	0.0
	Childcare	117.5	0.0	0.0	0.0
	Elimu Fund	211.9	0.0	0.0	0.0
	Information Technology Headquarters	144.3	0.0	0.0	0.0
3017 Health Services	Administration Unit	3,034.3	737.8	0.0	24.3
	Curative/Clinical Health Services	231.8	171.1	0.0	73.8
	Preventive and Promotive Services Unit	86.1	0.0	0.0	0.0
	Special Programs	51.8	0.0	0.0	0.0
3018 Water, Sanitation & Natural Resources	Administration unit	1,063.6	5.5	0.0	0.5
	Sanitation/Sewerage Services Headquarters	28.8	0.0	0.0	0.0
	Water Supply Headquarters	20.5	0.0	0.0	0.0
	Natural Resources	17.2	0.0	0.0	0.0
3019 Youth, Gender, Sports and Cultural Affairs	Administration Unit	108.4	11.8	0.0	10.9
	Youth Empowerment	52.4	0.0	0.0	0.0
	Gender Affairs and Disability Mainstreaming	77.0	0.0	0.0	0.0
	Sports Unit	474.1	0.0	0.0	0.0
	Sports development	30.5	0.0	0.0	0.0
	Cultural Affairs	17.6	0.0	0.0	0.0
	Public Recreation and Entertainment	0.0	0.0	0.0	0.0

Programme	Sub- Programme	Approved Budget (Ksh. Million)	Actual Payments (Kshs. Million)	Variance (Kshs. Million)	Absorption (%)
3020 Trade, Tourism & Investment	Administration Unit	335.7	51.5	0.0	15.3
	Trade Development	163.8	0.0	0.0	0.0
	Development of Tourism	22.2	0.0	0.0	0.0
	Investment Promotion and Products Headquarters	0.0	0.0	0.0	-
	Ease of Doing Business-Headquarters	73.1	0.0	0.0	0.0
	Development of County Industrial Parks	235.2	0.0	0.0	0.0
3021 Lands, Housing and Physical Planning	Administration Unit	216.7	21.2	0.0	9.8
	Land Management Unit	23.6	0.0	0.0	0.0
	Physical planning	87.7	0.0	0.0	0.0
	Housing Development Unit	45.4	0.0	0.0	0.0
	Urban Renewal	296.8	0.0	0.0	0.0
3022 Transport, Infrastructure & Public Works	Administration Unit	431.0	52.5	0.0	12.2
	Road and Transport Unit	474.9	14.8	0.0	3.1
	Works Unit	19.8	0.0	0.0	0.0
	Transport Planning, Management and Safety	38.8	0.0	0.0	0.0
	Mechanical Services	69.4	0.0	0.0	0.0
	Safety, Risk Management and Rescue Services	86.2	0.0	0.0	0.0
3023 Agriculture, Fisheries, Livestock and Co-operatives	Administration Unit-Headquarters	157.1	22.3	0.0	14.2
	Crop Management Unit	110.1	0.0	0.0	0.0
	Livestock Unit	71.7	0.0	0.0	0.0
	Fisheries Unit-Headquarters	72.8	0.0	0.0	0.0
	Veterinary Services	51.2	0.0	0.0	0.0
	Co-operatives	22.1	0.0	0.0	0.0
3026 Devolution & Public Service Administration	Administration	764.9	114.8	0.0	15.0
	Devolution and public service administration	20.6	0.0	0.0	0.0
	County Administration and Decentralised Services	83.5	0.0	0.0	0.0
	Public Service Reforms and Delivery	72.9	0.0	0.0	0.0
	Compliance and Enforcement	68.1	0.0	0.0	0.0
3012 County Assembly	General Administration and Planning	142.5	72.6	0.0	0.0
	Legislation, Oversight and Representation	746.5	4.3	0.0	0.6
Grand Total		**13,700.0**	**1,908.7**	**11,791.3**	**13.9**

Source: *Mombasa County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Curative/critical services in the Department of Health Services at 73.8 per cent, Administration Services in the Department of Finance and Economic Planning at 59.0 per cent, Administration in the Department of Health Services at 24.2 per cent, and Accounting Unit in Department of Finance and Economic Planning at 21.2 per cent of budget allocation.

3.29.14 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.568.87 million against an annual projection of Kshs. 568.87 million, representing 11.8 per cent of the annual target.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, contrary to the requirement of Section 168 of the PFM Act, 2012. The reports for the Educational Scholarship Fund, Disaster Management Fund and County Assembly car loan and Mortgage Fund were not submitted to the Controller of Budget.
3. High level of pending bills which amounted to Kshs.5.14 billion as of 30th September, 2022. This is despite the availability of cash in the CRF, which stood at Kshs.629.29 million at the end of the First Quarter of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.87.54 million were processed through the manual payroll and accounted for 8.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. The County Executive had an outstanding payment against an overdraft facility with Equity Bank that had accumulated to Kshs. 856.09 million. The overdraft facility was converted into a term loan of Kshs.745.30 million. This is in contravention of Article 212 of the Constitution 2010 as the national government did not guarantee it.

The County should implement the following recommendations to improve budget execution;

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff recruitment on contract terms and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The County should regularise the borrowing in line with the constitutional provisions and ensure that it seeks national government guarantees, as this may lead to the stoppage of funds in line with Sections 96 and 97 of the PFM Act, 2012.*

3.30 County Government of Murang'a

3.30.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.9.62 billion, comprising Kshs.2.85 billion (30 per cent) and Kshs.6.77 billion (70 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 9.8 per cent compared to the previous financial year when the approved budget was Kshs.10.67 billion and comprised of Kshs.3.29 billion towards development expenditure and Kshs.7.37 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.18 billion (74.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.50 billion (15.6 per cent) from its own sources of revenue, and

utilise the cash balance of Kshs.300 million (3.1 per cent) from FY 2021/22. The County also expects to receive Kshs.639.62 million (6.6 per cent) as conditional grants, which consist of the National Agricultural and Rural Inclusive Growth Project (NAGRIP) amounting to Kshs.335.68 million, DANIDA grant amounting to Kshs.15.35 million, Transforming Health Systems for Universal care grant amounting to Kshs.81.79 million, Agricultural Sector Deepening Support Program amounting to Kshs.12.75 million, Kshs.153.29 million for Leasing of Medical Equipment's, User fees foregone amounting to Kshs.20.14 million and Nutritional international amounting to Kshs.20.61.The cash balance from the previous financial year comprised of June 2022 disbursements and unspent balances swept back to County Revenue Fund at the end of the 2021-2022 financial year.

3.30.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.610.31 million as the equitable share of the revenue raised nationally, raised Kshs.60.09 million as own-source revenue and had a cash balance of Kshs.918.84 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.59 billion, as shown in Table 3-137.

Table 3-137: Murang'a County, Revenue Performance in the First Quarter of FY 2022/23

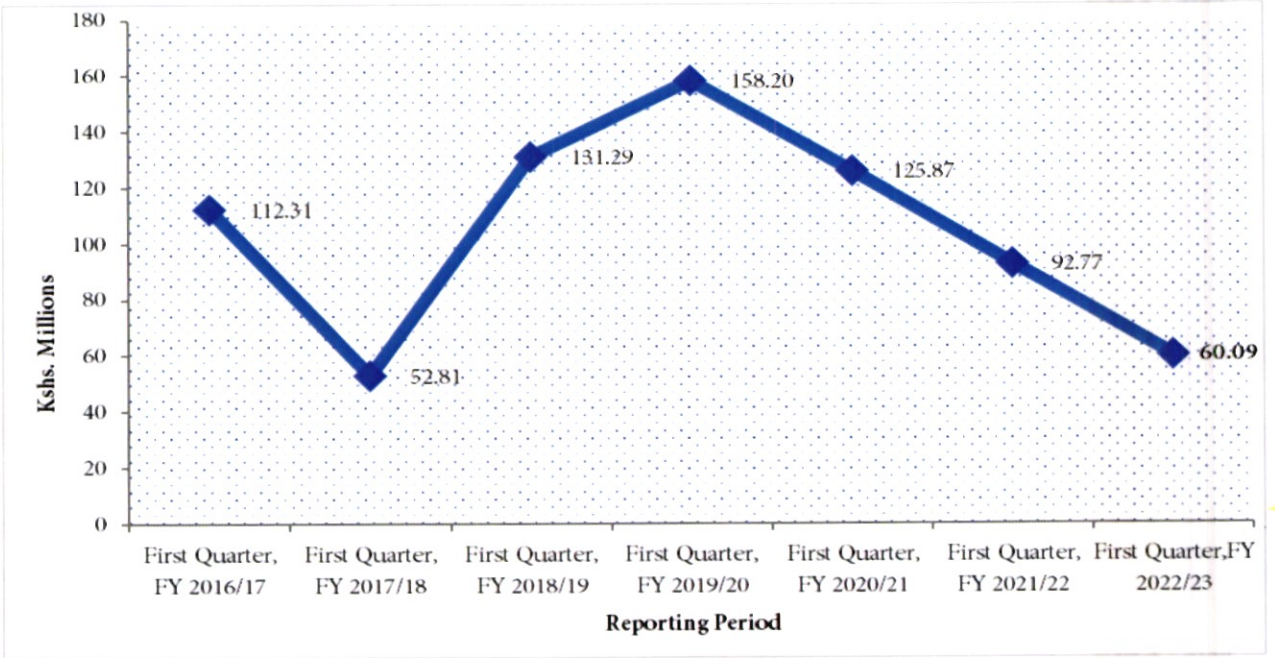
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,180,155,855	610,313,248	8.5
Sub Total		**7,180,155,855**	**610,313,248**	**8.5**
B	**Conditional Grants**			
1	Leasing of medical equipment	153,297,782	-	-
2	THSUCP	81,798,466	-	-
3	DANIDA	15,350,363	-	-
4	NARIGP	335,683,961	-	-
5	Agricultural Sector Deepening Support Program ii	12,746,035	-	-
6	User Fees Foregone	20,138,691	-	-
7	Nutritional International	20,612,450	-	-
Sub-Total		**639,627,747.50**	-	-
C	**Other Sources of Revenue**			
1	Own Source Revenue	1,500,000,000	60,091,547	4
2	Balance b/f from FY2021/22	300,000,000	918,839,195	306.3
Sub Total		**1,800,000,000**	**978,930,742**	**54.3**
Grand Total		**8,980,155,855**	**1,589,243,990**	**17.7**

Source: Murang'a County Treasury

The Conditional Grants were not disbursed to the County in the First Quarter of FY 2022/23.

Figure 3-83 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

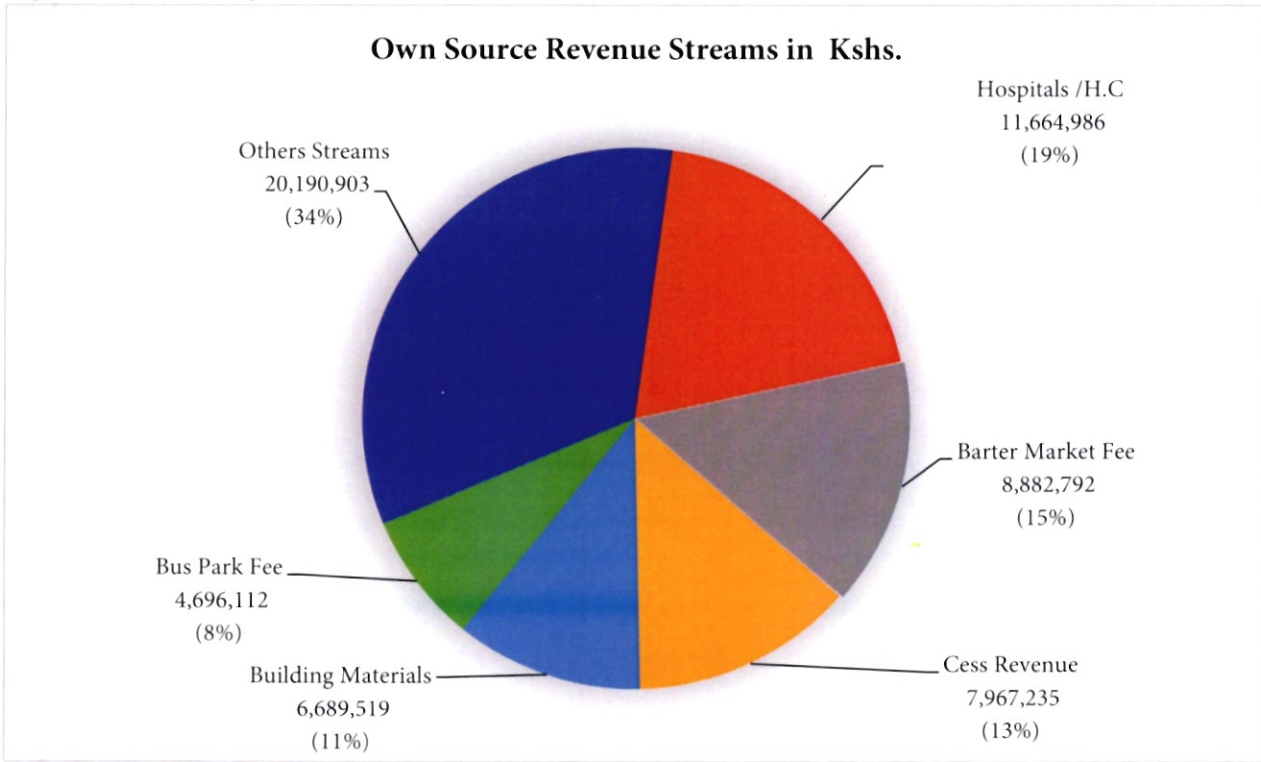
Figure 3-83: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Murang'a County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.60.09 million as own-source revenue. This amount represented a decrease of 35.2 per cent compared to Kshs.92.77 million realised in a similar period in FY 2021/22 and was 4 per cent of the annual target and 9.8 per cent of the received equitable share. The OSR includes revenue arrears and penalties charged on the arrears from the previous financial year of Kshs.2.91million. The top five revenue streams which contributed the highest OSR are shown in Figure 3-37: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23.

Figure 3-84: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Murang'a County Treasury

The highest revenue stream was from Hospital user Fees of Kshs.11.66 million, which contributed to 19 per cent of the OSR collected in the first quarter of FY 2022/23.

3.30.3 Exchequer Issues

The Controller of Budget approved Kshs.1.09 billion for withdrawal from the CRF account during the reporting period. The amount comprised Kshs.181.23 million (16.5 per cent) for development programmes and Kshs.918.64 million (83.5 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.701.06 million for compensation to employees, Kshs.217.58 million for Operations and Maintenance expenditure and Kshs.181.23 million for development expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.477.86 million.

3.30.4 County Expenditure Review

The County spent a total of Kshs.1.09 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.1 per cent of the total funds released by the CoB and comprised Kshs.181.23 million and Kshs.908.95 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 6.4 per cent, while recurrent expenditure represented 13.4 per cent of the annual recurrent expenditure budget.

3.30.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.2.75 billion, which comprised Kshs.2.41 billion for recurrent expenditure and Kshs.346.38 million for development activities. During the period under review, pending bills amounting to Kshs.62.36 million were settled for recurrent expenditure, while there were no pending bills paid for development programmes. Therefore, as of 30th September 2022, the outstanding pending bills were Kshs.2.69 billion.

3.30.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.676.71 million on employee compensation, Kshs.167.89 million on operations and maintenance, and Kshs.181.23 million on development activities. Similarly, the County Assembly spent Kshs.24.35 million on employee compensation, Kshs.40 million on operations and maintenance, and no expenditures were incurred by the County Assembly on development activities, as shown in Table 3-58: Summary of Budget and Expenditure by Economic Classification.

Table 3-138: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,758,472,148**	**1,010,000,000**	**844,604,262**	**64,354,774**	**14.7**	**6.4**
Compensation to Employees	3,956,919,177	327,144,000	676,709,709	24,350,190	17.1	7.4
Operations and Maintenance	1,801,552,971	682,856,000	167,894,553	40,004,584	9.3	5.9
Development Expenditure	**2,790,311,455**	**61,000,000**	**181,231,565**	-	**6.5**	-
Total	**8,548,783,603**	**1,071,000,000**	**1,025,835,827**	**64,354,774**	**12.0**	**6.0**

Source: Murang'a County Treasury

3.30.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.701.06 million was 44.1 per cent of the realised revenue of Kshs.1.59 billion in the period under review and included Kshs.506.85 million attributable to the health sector, which translated to 72.3 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.620.11 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.80.94 million. The manual payroll amounted to 11.5 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system. Therefore, the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly spent Kshs.6.51 million on committee sitting allowances for the 54 MCAs and the Speaker against the annual budget allocation of Kshs.57 million, which was 26.7 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.40,196 per MCA. The County Assembly has established 20 Committees, which processed two bills during the reporting period.

3.30.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.413 million to county-established funds in FY 2022/23, constituting 4.3 per cent of the County's overall budget for the year. Table 3-59: Performance of County Established Funds as of 30th September 2022 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-139: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission Financial Statements as of 30th September 2022 (Yes/No.)	Absorption (%)
		A	B	C	D	C/A*100
County Executive Established Funds						
	Murang'a County Education Scholarship Fund - Bursary	220,000,000	102,988,791	102,988,791	Yes	46.8
	Small Traders Empowerment Program	20,000,000	0	0	No	0
County Assembly Established Funds						
	Murang'a County Assembly Car Loan and Mortgage Scheme Fund	173,000,000	0	0	No	0
	Total	**413,000,000**	**102,988,791**	**102,988,791**		

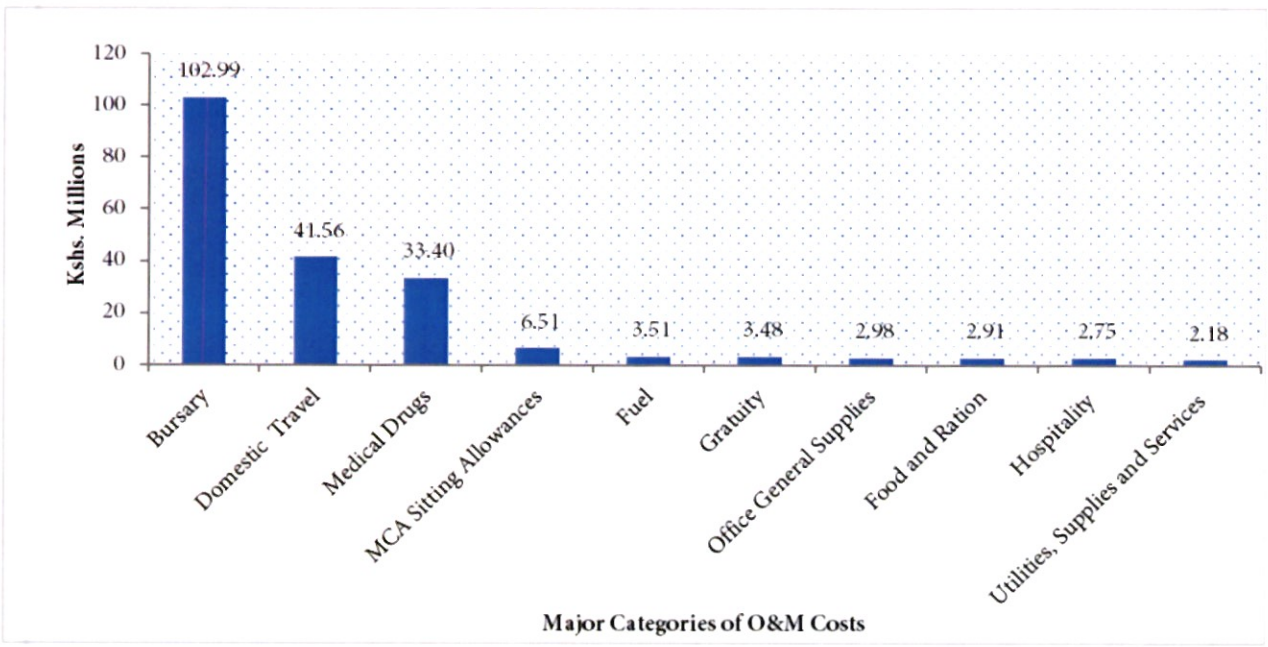
Source: *Murang'a County Treasury*

The County has established a total of three County Funds with an annual budget of Kshs.413 million. OCoB did not receive quarterly financial returns from Fund Administrators of two funds, as indicated in Table 3-59: Performance of County Established Funds as of 30th September 2022 above, which is against the requirement of Section 168 of the PFM Act, 2012.

3.30.9 Expenditure on Operations and Maintenance

Figure 3-85 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-85: Murang'a County, Operations and Maintenance Expenditure by Major Categories



Source: *Murang'a County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.41.56 million and comprised of Kshs.27.04 million spent by the County Assembly and Kshs.14.52 million by the County Executive.

3.30.10 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.181.23 million on development programmes, representing a decrease of 54.1 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.394.42 million. The development expenditures related to three conditional grants, which included the National Agricultural and Rural Inclusive Growth Project (NAGRIP) amounting to Kshs.102.87 million, and the Transforming Health Systems for Universal care grant amounting to Kshs.75.35 million, and the Agricultural Sector Deepening Support Program amounting to Kshs.3.0 million.

3.30.11 Budget Performance by Department

Table 3-60: Kiambu County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-140: Murang'a County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governorship, County Coordination and Administration	353.36	27	15.04	-	34.29		228	-	9.7	-
Finance, Information Technology and Economic Plan.	312.90	137	25.56	-	27.25		106.6	-	8.7	-
Agriculture, Livestock and Fisheries	239.79	608.63	33.61	105.88	29.68	105.88	88.3	100	12.4	17.4
Energy Transport and Roads	22.76	413.30	11.35	-	-		-	-	-	-
Commerce, Trade, Industry and Tourism	42.05	133.46	0.55	-	0.34		62.5	-	0.8	-
Health and Sanitation	3,130.25	802.89	402.96	-	544.25	75.35	135.1	-	17.4	9.4
Lands, Housing & Physical Planning	28.62	37.70	0.77	75.35	0.41		53.3	-	1.4	-
Education & Technical Training	600.96	72.80	148.58		160.59		108.1	-	26.7	-
Public Service Adm.	739.13		192.27		31.56		16.4	-	4.3	-
Youth, Culture, Gender, Social Services & Special Programs	59.51	218	1.15		0.50		43.7	-	0.8	-
Environment & Natural Resources	21.18	27	0.51				-	-	-	-
County Public Service Board	53.51		4.77		0.07		1.5	-	0.1	-
Water & Irrigation	90.18	180.50	15.71		15.65		99.6	-	17.4	-
Murang'a Municipality	64.27	132.04	-				-	-	-	-
County Assembly	1,010	61	65.81		64.35		97.8	-	6.4	-
TOTAL	**6,768.47**	**2,851.31**	**918.64**	**181.23**	**908.96**	**181.23**	**98.9**	**100.0**	**13.4**	**6.4**

Source: *Murang'a County Treasury*

Analysis of expenditure by department shows that the Department of Agriculture, Livestock and Fisheries recorded the highest absorption rate of development budget at 17.4 per cent, followed by the Department of Health

and Sanitation at 9.4 per cent. The Department of Education & Technical Training had the highest percentage of recurrent expenditure to budget at 26.7 per cent, while the County Public Service Board had the lowest at 0.1 per cent.

The County Executive allocation for recurrent expenditure was within the ceilings in CARA, 2022. However, the County Assembly recurrent budget exceeded the ceilings in CARA, 2022 of Kshs. 753.37 million by 83.62 million.

3.30.12 Budget Execution by Programmes and Sub-Programmes

Table 3-141 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-141: Murang'a County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Program	Approved Budget (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate %	
		Rec	Dev	Rec	Dev	Rec	Dev
GOVERNORSHIP, COUNTY COORDINATION AND ADMINISTRATION							
Monitoring and Evaluation	Project Co-ordination and Monitoring	3,600,000		0		-	-
County Coordination	Office Administration and Support Services	153,800,000		382,000		0.2	-
Citizen Engagement	Public Participation	6,896,000		995,950		14.4	-
General Administration Planning and Support	County Executive and Co-ordination	142,976,902	27,000,000	31,571,655		22.1	-
	Residential Development	27,000,000		0		-	-
Internal Audit	Audit and Other Monitoring	5,670,000		50,000		0.9	-
Disaster Management	Disaster Response and Mitigation	13,421,000		1,289,545		9.6	-
	Sub Total	**353,363,902**	**27,000,000**	**34,289,150**	-	**47.3**	-
FINANCE IT AND PLANNING							
Revenue Mobilisation	Local Revenue Mobilisation	20,130,000		3,570,040		17.7	-
	Automation and Revenue System	500,000		20,000		4.0	-
Financial Management Program	Budget Formulation Co-ordination and Management	3,600,000		493,120		13.7	-
	Economic Planning and CIDP Review	15,600,000		1,615,000		10.4	-
	Corporate Governance	3,990,000		1,022,000		25.6	-
	Budget Implementation and Monitoring	3,660,000		648,000		17.7	-
	Public Participation	19,180,000		368,440		1.9	-
	Budget Implementation and Monitoring	3,320,000		1,228,000		37.0	-
General Administration and Planning	General Administration Planning and Support Services	242,916,609	137,000,000	18,286,983		7.5	-
	Sub Total	**312,896,609**	**137,000,000**	**27,251,583**	-	8.7	
AGRICULTURE, LIVESTOCK AND FISHERIES							

Program	Sub Program	Approved Budget (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate %	
		Rec	Dev	Rec	Dev	Rec	Dev
Crops Development Program	Land and Crops Development	2,970,000		0		-	-
	Promotion of Food Security - REC	3,850,000	572,929,996	0	105,878,127	-	18.5
	Capacity development, Mechanisation and Innovation	3,850,000		275,000		7.1	-
Veterinary Services Program	Veterinary Services -REC	4,370,000	29,100,000	73,080		1.7	-
				0		-	-
Livestock and Fisheries Program	Livestock and Fisheries Development - REC	1,705,000	6,600,000	0		-	-
				0		-	-
General Administration Planning and Support Program	General Administration Planning and Support Services	223,040,035		29,329,909		13.2	-
	Sub Total	**239,785,035**	**608,629,996**	**29,677,989**	**105,878,127**	**12.4**	**17.4**
TRANSPORT AND INFRASTRUCTURE							
Urban Development and Renewal	Urban Development and Support	3,650,900	0	0		-	-
Energy Development and Maintenance	Promotion of Energy & Renewable Energy Sources	1,100,000	0	0		-	-
General Administration and Support Program	Construction of Roads and Bridges	18,007,900	0	0		-	-
Roads Development Program	Infrastructure Devpt		413,300,000	0		-	-
	Sub Total	**22,758,800**	**413,300,000**	**0**	-		
COMMERCE, TRADE, INDUSTRIES AND TOURISM							
Cooperatives Program	Cooperatives - DEV	0	86,505,000	0		-	-
Tourism Development and Promotion	Tourism Development - REC	2,060,000		69,060		3.4	-
	Tourism Promotion and Marketing - DEV	0	2,750,000	0			-

Program	Sub Program	Approved Budget (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate %	
		Rec	Dev	Rec	Dev	Rec	Dev
Trade and Enterprise Program	Trade & Enterprise Development	6,160,000		0		-	-
	Domestic Trade Development - REC	14,100,000	44,200,000	0		-	-
				0			-
	Fair Trade and Consumer Protection	\,050,000		0		-	-
General Administration Planning and Support Program	General Administration Planning and Support Services	15,683,307		275,000		1.8	-
	Sub Total	**42,053,307**	**133,455,000**	**344,060**	-	**0.8**	
EDUCATION AND TECHNICAL TRAINING							
Early Childhood Development Program	Early Childhood Development Education - DEV		50,000,000	0		-	
	Early Child Development and Education	247,063,603		57,601,145		23.3	
Youth Polytechnics Program				0		-	
	Revitalisation of Youth Polytechnics - REC	120,800,265	18,600,000	0		-	
Education Intervention Program	Motivation of Primary and Secondary School - DEV		4,200,000	0		-	
	Motivation of Primary and Secondary Schools	229,700,000		102,988,791		44.8	
General Administration Planning and Support Program	General Administration Planning and Support Services	3,400,000		0		-	
	Sub Total	**600,963,868**	**72,800,000**	**160,589,936**		**26.7**	
HEALTH AND SANITATION							
Health Infrastructure Development	Infrastructure Development - REC	1,615,000		0		-	
	Infrastructure Improvement Services -DEV	0	107,000,000	0		-	
Alcohol and Substance Abuse	Alcoholic Control and Reviewing of Licences	10,010,000		1,620,000		16.2	
Primary Health Care	Free Primary HealthCare - REC	564,020,000	297,297,782	33,401,384		5.9	
General Administration Planning and Support	General Administration Planning and Support Services - REC	2,554,609,847	398,589,531	509,233,359	75,353,438	19.9	18.9
	Sub Total	**3,130,254,847**	**802,887,313**	**544,254,743**	**75,353,438**	**17.4**	9.4
LANDS AND HOUSING							

Program	Sub Program	Approved Budget (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate %	
		Rec	Dev	Rec	Dev	Rec	Dev
Land Development	Land Policy and Planning - DEV		25,500,000	0			
	Land Survey -DEV		5,000,000	0			
Estate Development and Management	Public Trusts and Estates Management - DEV		7,200,000	0			
General Administration Planning and Support	General Administration Planning and support Services - REC	28,616,078		412,400		1.4	
	Sub Total	**28,616,078**	**37,700,000**	**412,400**	-	**1.4**	
PUBLIC SERVICE BOARD							
General Administration Planning and Support Services	General Administration Planning and Support Services	53,509,490		71,550		0.1	
	Sub Total	**53,509,490**		**71,550**		**0.1**	
YOUTH, CULTURE, GENDER AND SOCIAL SERVICES							
Social Interventions Program	Cooperatives	3,660,000		0	-		-
	Social Welfare and Vocational Rehabilitation	2,450,000		0	-		-
	Persons Living With Disabilities -		20,000,000	0	-		-
	Gender & Social-Economic Empowerment -		188,000,000	0	-		-
General Administration Planning and Support Services	General Administration Planning and Support Services	42,241,970		501,880	-	1.2	-
Youth Development Program	Youth Development Services	660,000		0	-	-	-
Sports Development Program	Development and Management of Sports Facilities	7,420,000		0	-	-	-
Cultural Development Program	Development And Promotion of Culture - REC	3,074,115	10,000,000	0	-	-	-
	Sub Total	**59,506,085**	**218,000,000**	**501,880**	-	0.8	-
ENVIRONMENT AND NATURAL RESOURCES							
Solid Waste Management	Solid Waste Management - REC	6,224,872	17,100,000	0	-	-	-
Environmental Conservation	Environmental management & Protection - Dev		9,900,000	0	-	-	-

Program	Sub Program	Approved Budget (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate %	
		Rec	Dev	Rec	Dev	Rec	Dev
General Administration Planning and Support Services	General Administration Planning and Support Services	11,254,440		0	-	-	-
Environmental Leadership and Governance	Environmental Leadership and Governance	3,700,000		0	-	-	-
	Sub Total	**21,179,312**	**27,000,000**	**0**	-	-	-
PUBLIC SERVICE AND ADMINISTRATION							
Human Resource Planning and Development	Human Resource Management and Development	22,810,000	0	0		-	-
General Administration Planning and Support Services	General Administration Planning and Support Services	716,320,876	0	31,562,202		4.4	-
	Sub Total	**739,130,876**	**0**	**31,562,202**		**4.3**	-
WATER AND IRRIGATION							
General Administration Planning and Support Services	General Administration Planning and Support Services	44,082,220		8,625,632		19.6	
Water Development	Water Supply Infrastructure - REC	46,101,719	180,500,000	7,023,138		15.2	
	Sub Total	**90,183,939**	**180,500,000**	**15,648,770**		**17.4**	
MUNICIPALITY							
Waste Management Program	Solid Waste Management		8,800,000	0			
Urban Development Program	Infrastructure Development		110,239,146	0			
	Urban Development and Support		10,000,000	0			
Revenue Program	Revenue Automation		3,000,000	0			
General Administration Planning and Support Services	General Administration Planning and Support Services	64,270,000		0			
	Sub Total	**64,270,000**	**132,039,146**	**0**	-	-	
COUNTY ASSEMBLY							
Legislation and representation	Legislation and representation	373,900,000		31,222,301	**0**		**0**
Oversight	Oversight	330,756,000		18,963,056	**0**		**0**

Program	Sub Program	Approved Budget (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate %	
		Rec	Dev	Rec	Dev	Rec	Dev
Administration planning and support	Administration planning and support	305,344,000	61,000,000	14,169,415	0		0
	Sub Total	**1,010,000,000**	**61,000,000**	**64,354,774**	0		
	Grand Total	**6,768,472,148**	**2,851,311,455**	**918,642,040**	**181,231,565**	**13.4**	**6.4**

Source: *Murang'a County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: the Education Intervention sub -Program in the Department of education and training at 44.8 per cent, Budget Implementation and Monitoring in the Department of Finance and Planning at 37 per cent, County Executive and Coordination at 22.1 per cent in the department of Governorship, General Administration Planning and support at 19.9 per cent in the Department of Health and Sanitation of budget allocation.

3.30.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on the 25th of October, 2022.
2. The underperformance of own-source revenue at Kshs.60.09 million against an annual projection of Kshs.1.5 billion, representing 4 per cent of the annual target. The OSR target is unrealistic, and the county should revise the target during the supplementary budget process.
3. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3-60: Kiambu County, Budget Allocation and Absorption Rate by Department, where the County incurred expenditure over approved exchequer issues in a number of departments.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Small Traders Empowerment Fund and Murang'a County Assembly Car Loan and Mortgage Scheme Fund.
5. High level of pending bills which amounted to Kshs.2.69 billion as of 30th September 2022. This is despite the availability of cash in the CRF, which stood at Kshs. 477.86 million as of the end of the First Quarter of FY 2022/23.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.80.94 million were processed through the manual payroll and accounted for 11.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
7. Low absorption of development funds as indicated by the expenditure of Kshs.181.23 million in FY 2022/23 from the annual development budget allocation of Kshs.2.85 billion. The development expenditure represented 6.4 per cent of the annual development budget.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own source revenue performance to ensure the approved budget is fully financed. Further, the County should set realistic local revenue targets to avoid a hidden budget deficit that could lead to pending bills.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the*

approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.

4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
6. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
7. *The County should identify and address issues causing delays in implementing development projects.*

3.31 County Government of Nairobi City

3.31.1 Overview of FY 2022/23 Budget

The County had a Vote on Account during the First Quarter of FY 2022/23. The draft budget estimates for the FY 2022/23 is Kshs.38.33 billion, comprising Kshs.11.35 billion (29.6 per cent) and Kshs.26.98 billion (70.4 per cent) allocation for development and recurrent programmes respectively. The draft budget estimate for FY 2022/23 is a decline of 3.3 per cent compared to the previous financial year when the approved budget was Kshs.39.63 billion and comprised of Kshs.10.33 billion towards development expenditure and Kshs.29.29 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.19.25 billion (50.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.18.03 billion (47 per cent) from its own sources of revenue, Kshs.250 million (0.7 per cent) as Appropriation in Aid, and a cash balance of Kshs.800 million (2.1 per cent) from FY 2021/22. The County did not budget for any conditional grants.

3.31.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.3.18 billion as the equitable share of the revenue raised nationally, raised Kshs.1.20 billion as own-source revenue, and Kshs.45.33 million as Appropriation in Aid. The total funds available for budget implementation during the period amounted to Kshs.4.42 billion, as shown in Table 3-142.

Table 3-142: Nairobi City County, Revenue Performance in the First Quarter of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2022/23 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	19,250,000,000	3,176,196,775	16.5
Sub Total		**19,250,000,000**	**3,176,196,775**	**16.5**
B	**Other Sources of Revenue**			
1	Own Source Revenue	18,027,834,347	1,192,463,508	6.6
2	Balance b/f from FY2021/22	800,000,000	-	-
3	AIA	250,000,000	45,325,601	18.1
Sub Total		**19,077,834,347**	**1,237,789,110**	**6.5**
Grand Total		**38,327,834,347**	**4,413,985,885**	**11.5**

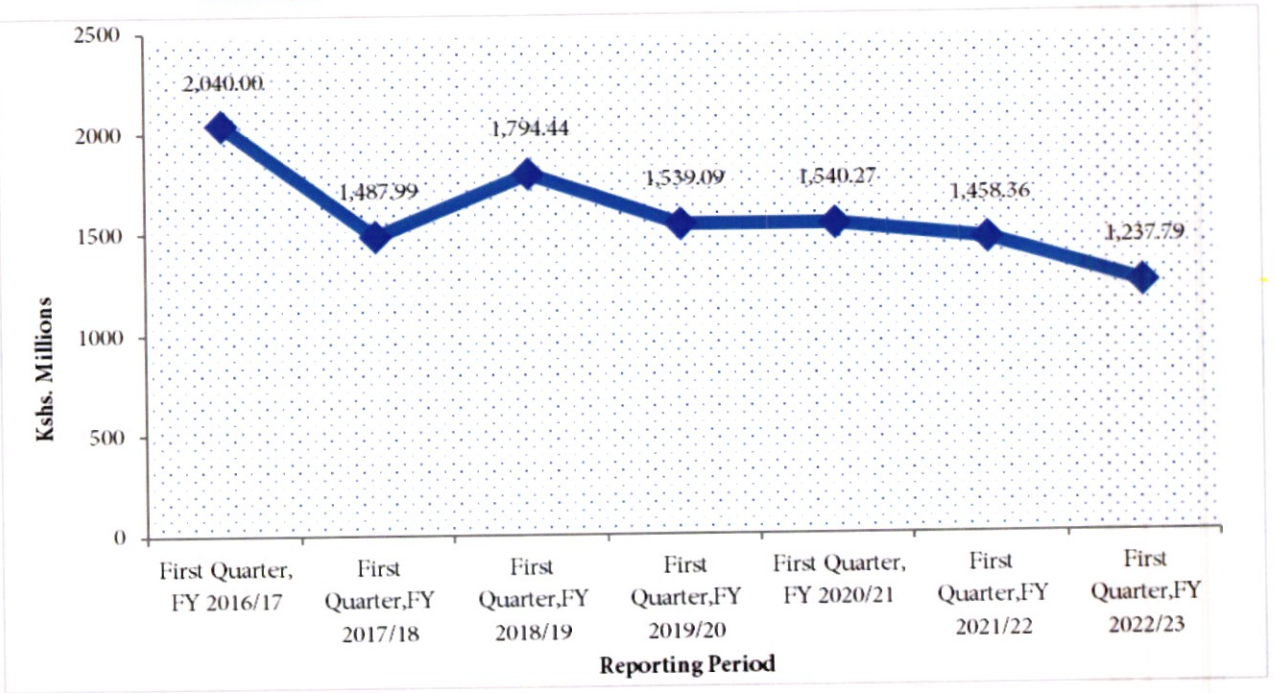
Source: Nairobi City County Treasury

According to the County Governments Additional Allocation Act,2022, the conditional grants for the FY 2022/23 were; Transforming Health systems for Universal care Project (WB) of Kshs.87.49 million, DANIDA Grant of Kshs.35.27 million, Sweden - Agricultural Sector Development Support Programme (ASDSP) II of Kshs.36.64

million, UNFPA of Kshs.7.38 million and World Bank - Kenya Informal Settlement Improvement Project (KISIP II) of Kshs.700 million. However, the County did not include the above grants in the draft budget and were not released also during the reporting period.

Figure 3-86Figure 3-4 shows the annual trend in own-source revenue collection for the First Quarter from FY 2013/14 to FY 2022/23.

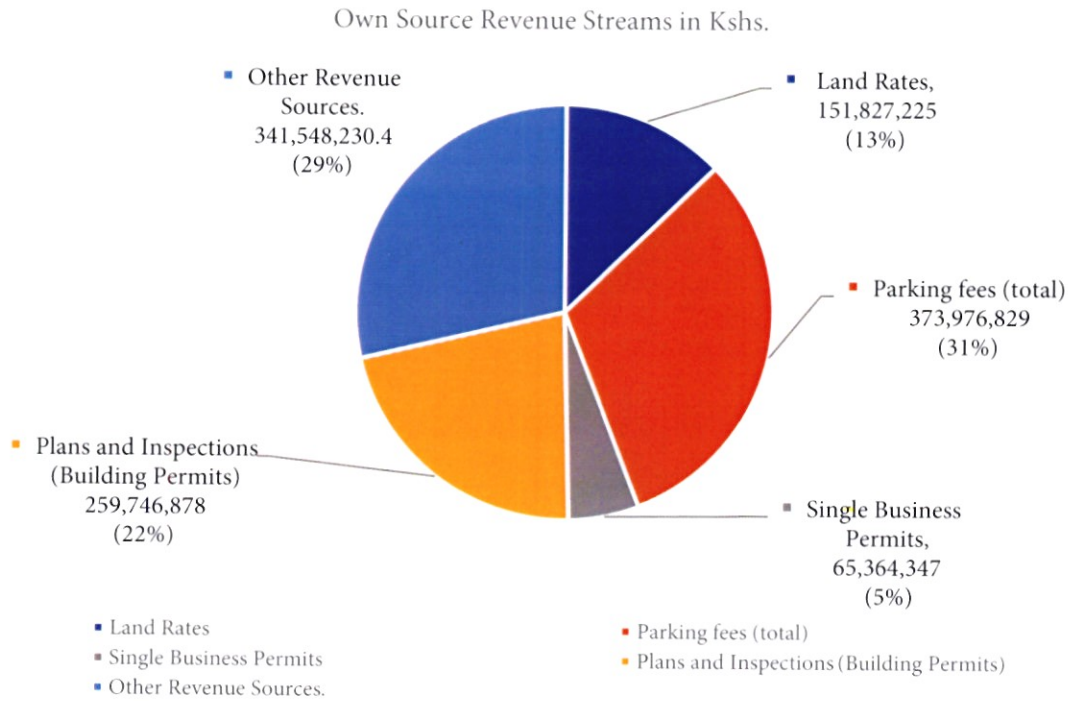
Figure 3-86: Trend in Own-Source Revenue Collection for the First Quarter of the Financial Year from FY 2013/14 to FY 2022/23.



Source: Nairobi City County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.1.24 billion as own-source revenue (inclusive AIA). This amount represented a decrease of 15.1 per cent compared to Kshs1.46 billion realised in a similar period in FY 2021/22 and was 6.8 per cent of the annual target and 39 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-40: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23.

Figure 3-87: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Nairobi City County Treasury

The highest revenue stream was from Parking Fees of Kshs.373.98 million, which contributed to 31 per cent of the OSR collected in the first quarter of FY 2022/23.

3.31.3 Exchequer Issues

The Controller of Budget approved Kshs.3.61 billion in withdrawals from the CRF account during the reporting period, which was entirely for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.2.68 billion for employee compensation and Kshs.922.21 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.495.40 million.

3.31.4 County Expenditure Review

The County spent Kshs.3.60 billion on recurrent programmes during the reporting period. This expenditure represented 99.9 per cent of the total funds released by the CoB and was on recurrent programmes. Expenditure on recurrent programmes represented an absorption rate of 13.4 per cent of the annual recurrent expenditure budget.

3.31.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County Assembly reported pending bills of Kshs.186.59 million and Kshs.13.86 million for recurrent and development expenditures, respectively but did not settle any in the period under review.

According to the Special Audit Report of the Auditor-General, the stock of pending bills as of 30th June 2020 totalled Kshs.85.72 billion, which was consolidated for recurrent and development activities. During the period under review, the County Treasury did not provide a report on the settlement of pending bills. The outstanding pending bills reported by the County Executive as of 30th September 2022 was Kshs.100.36 billion.

3.31.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.60 billion on employee compensation and Kshs.876.64 million on operations and maintenance activities. Similarly, the County Assembly spent Kshs.85.43 million on employee compensation and Kshs.41.36 million on operations and maintenance activities, as shown inTable 3-63: Summary of Budget and Expenditure by Economic Classification

Table 3-143: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**25,135,674,491**	**1,842,800,000**	**3,474,895,058**	**126,783,100**	**13.8**	**6.9**
Compensation to Employees	15,272,524,802	1,151,900,081	2,598,258,078	85,426,500	17.0	7.4
Operations and Maintenance	9,863,149,689	690,899,919	876,636,981	41,356,600	8.9	6.0
Development Expenditure	9,488,359,856	1,861,000,000	-	-	-	-
Total	**34,624,034,347**	**3,703,800,000**	**3,474,895,058**	**126,783,100**	**10.0**	**3.4**

Source: Nairobi City County Treasury

3.31.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.2.68 billion was 60.8 per cent of the total realised revenue of Kshs.4.41 billion and included Kshs.1.27 billion attributable to the health sector, which translated to 47.5 per cent of the total wage bill in the reporting period.

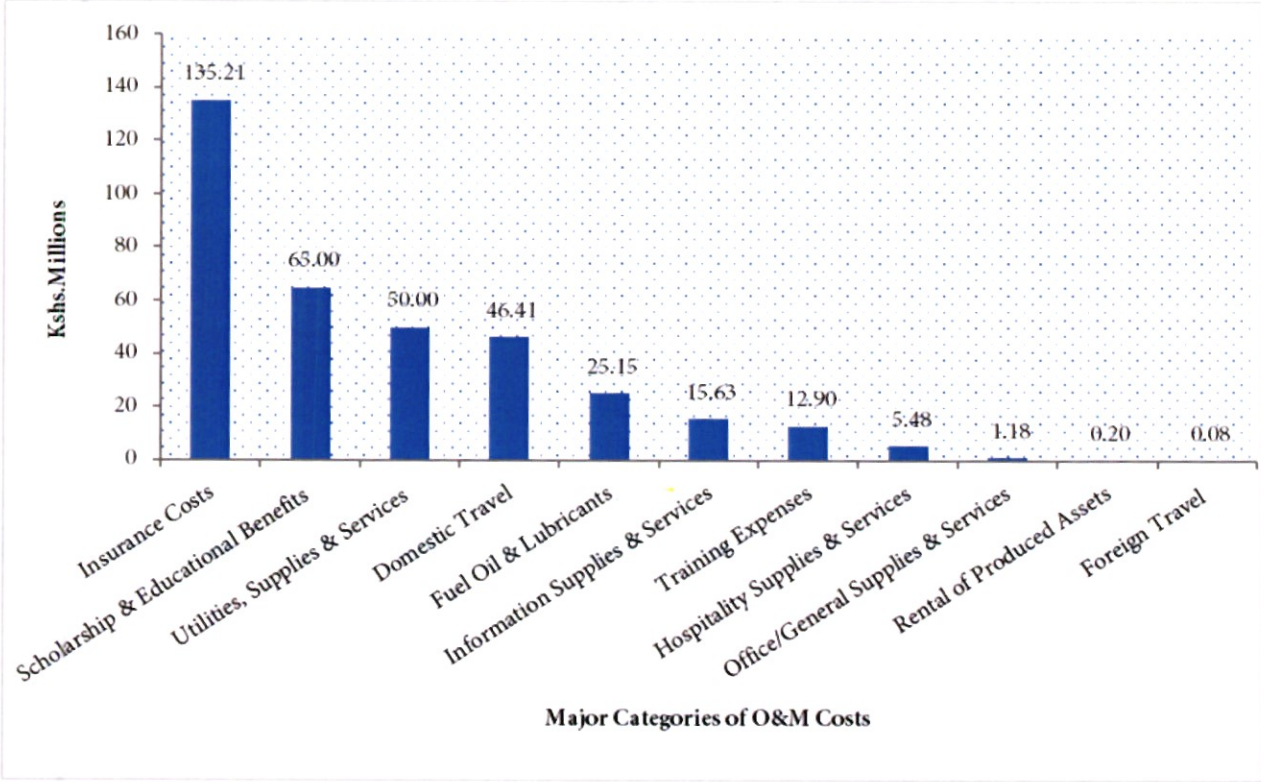
Personnel emoluments amounting to Kshs.2.55 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.73.42 million. The manual payroll amounted to 2.8 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly did not report expenditures on committee sitting allowances for the period under review.

3.31.8 Expenditure on Operations and Maintenance

Figure 3-88 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-88: Nairobi City County, Operations and Maintenance Expenditure by Major Categories



Source: *Nairobi City County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.46.41 million and comprised of Kshs.32.86 million spent by the County Assembly and Kshs.13.55 million by the County Executive. Expenditure on foreign travel amounted to Kshs.84,550 by the County Assembly.

3.31.9 Development Expenditure

In the First Quarter of FY 2022/23, the County did not incur expenditure on development programmes as they were operating on a Vote on Account.

3.31.10 Budget Performance by Department

Table 3-144 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-144: Nairobi City County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	146.13	45.00	9.35	-	7.05	-	75.4	-	4.8	-
Office of Governor & Deputy Governor	3,838.80	990.61	545.37	-	563.60	-	103.3	-	14.7	-
ICT, E-Govt & Public Communications	183.11	388.95	13.56	-	12.95	-	95.5	-	7.1	-
Finance & Economic Planning	1,324.01	154.00	182.59	-	253.90	-	139.1	-	19.2	-
Health	102.76	-	5.97	-	6.87	-	115.1	-	6.7	-
Urban Planning and Lands	31.44		2.53	-	0.60	-	23.7	-	1.9	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Works, Transport & Infrastructure	58.7		2.30	-	2.91	-	126.5	-	5.0	-
Education, Youth Affairs, Sports, Culture & Social Services	1,933.23	425.30	226.91	-	235.49	-	103.8	-	12.2	-
Trade, Commerce, Tourism & Cooperatives	407.69	37-0	48.68	-	48.46	-	99.5	-	11.9	-
Public Service Management	1,918.89	75.00	178.48	-	43.66	-	24.5	-	2.3	-
Agriculture, Livestock Development, Fisheries & Forestry	285.70	97.00	27.29	-	28.61	-	104.8	-	10.0	-
County Assembly	1,842.80	1,861.00	126.78	-	126.78	-	100.0	-	6.9	-
Environment, Water, Energy & Natural Resources	25.88		1.80	-	0.76	-	42.2	-	-	-
Urban Renewal and Housing	-	-	-	-	-	-	-	-	-	-
Ward Development Programmes	79.38	1,492.50	1.08	-	-	-	-	-	-	-
Emergency Fund	-	-	-	-	-	-		-	-	-
Liquor Licensing Board	200.00	50.00	-	-	36.82	-	-	-	18.4	-
Nairobi Metropolitan Services	14,600.00	5,400.00	2,233.22	-	2,233.22	-	100.0	-	15.3	-
TOTAL	**26,978**	**11,349**	**3,605.91**	**-**	**3,601.68**	**-**	**99.9**	**-**	**13.4**	**-**

Source: *Nairobi City County Treasury*

Analysis of expenditure by department shows that the Department of Finance and Economic planning had the highest percentage of recurrent expenditure to budget at 19.2 per cent, while the Department of Environment, Water, Energy & Natural Resources, the Department of Urban Renewal and Housing, and the Ward Development Programmes did not record any expenditure in the period under review.

3.31.11 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.1.24 billion against an annual projection of Kshs.19.25 billion, representing 6.8 per cent of the annual target.
2. High level of pending bills which amounted to Kshs.100.36 billion as of 30th September, 2022. This is despite the availability of cash in the CRF, which stood at Kshs.495.40 million at the end of the First Quarter of FY 2022/23.
3. Delay in approval of FY 2022/23 budget Estimates. The County was running on Vote on Account in the reporting period and, therefore, could not implement any development programmes.

The County should implement the following recommendations to improve budget execution;

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
3. *The county should fast-track approval of the FY 2022/23 budget Estimates in order to execute the development budget.*

3.32 County Government of Nakuru

3.32.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.17.14 billion, comprising Kshs. 5.14 billion (30.0 per cent) and Kshs.12 billion (70 per cent) allocation for development and recurrent programmes respectively. The approved budget estimate is a decline of 26.3 per cent compared to the previous financial year when the approved budget was Kshs.23.25 billion and comprised of Kshs.10.57 billion towards development expenditure and Kshs.12.67 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.13.03 billion (76 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.98 billion (11.5 per cent) from own source of revenue, Kshs.1.30 billion (7.6 per cent) as Appropriation in Aid. The County also expects to receive Kshs.836.80 million (4.9 per cent) as conditional grants, which consist of DANIDA of Kshs.22.08 million, National Agriculture and Rural Inclusive Growth Projects (NARIGP) of Kshs.269.56 million, Agricultural Sector Development Support Projects (ASDSP II) of Kshs.9.52 million, Conditional Allocation from a World Bank credit to finance Locally-led Climate Action Program (FLLoCA) of Kshs.125 million, Kenya Informal Settlement Improvement Project II (KISIP II) of Kshs.300 million and Conditional Fund of Leasing Medical Equipment of Kshs.110.64 million. The County did not budget for the cash balance from the previous financial year which amounted to Kshs.991.82 million.

3.32.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.2.21 billion as the equitable share of the revenue raised nationally, raised Kshs.183.98 million as own-source revenue, Kshs.272.84 million as Appropriation in Aid, and had a cash balance of Kshs.991.82 million from FY 2021/22. Conditional grants were not received by the County during the reporting period. The total funds available for budget implementation during the period amounted to Kshs.3.66 billion, as shown in Table 3-65: Kilifi County, Budget Allocation and Absorption Rate by Department.

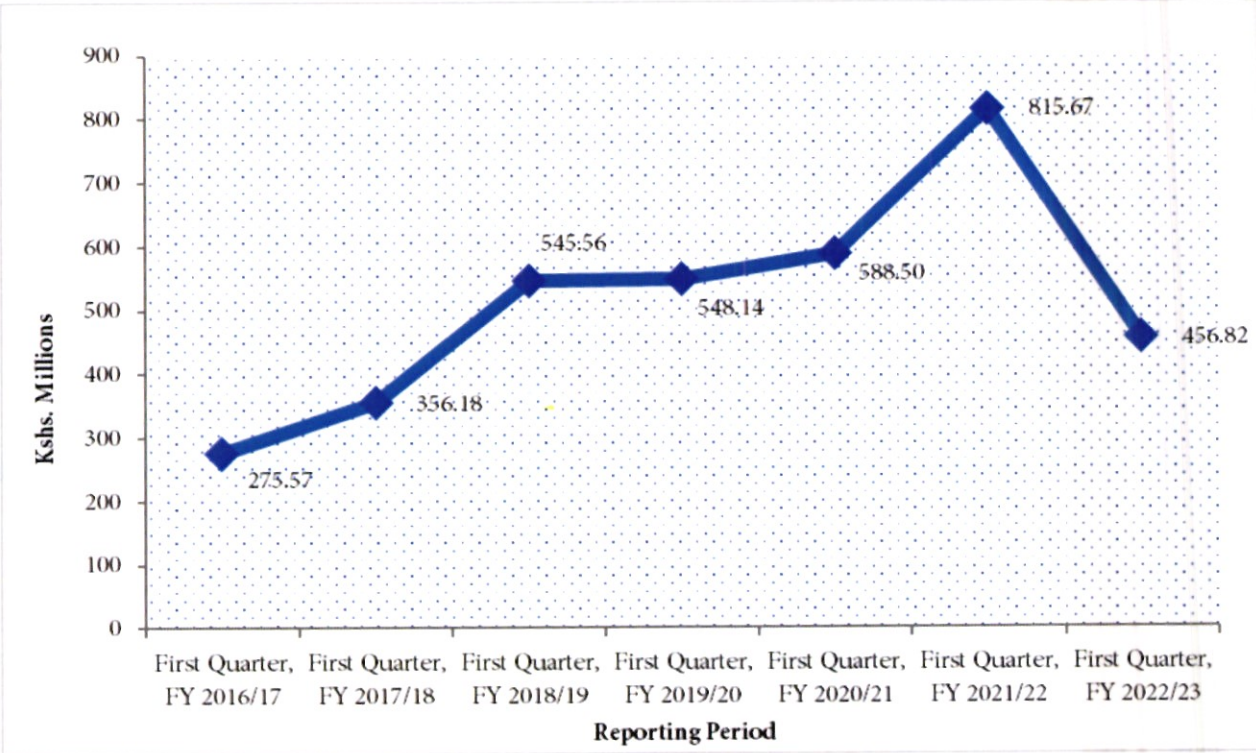
Table 3-145: Nakuru County, Revenue Performance in the First Quarter of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**13,026,116,323**	**2,214,439,774**	**17**
Sub Total		**13,026,116,323**	**2,214,439,774**	**17**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	1,980,000,000	183,979,358	9.3
2.	Appropriation in Aid	1,300,000,000	272,840,864	21
3.	DANIDA	22,077,700	-	-
4.	National Agriculture and Rural Inclusive Growth Projects (NARIGP)	269,563,385	-	-
5.	Agricultural Sector Development Support Projects (ASDSP II)	9,518,784	-	-
6.	Conditional Allocation from a World Bank credit to finance Locally-led Climate Action Program (FLLoCA)	125,000,000	-	-
7.	Kenya Informal Settlement Improvement Project II (KISIP II)	300,000,000	-	-
8.	Conditional Fund of Leasing medical Equipment	110,638,298	-	-
9.	Unspent balance from FY 2021/22	-	991,819,854	-
Sub Total		**4,116,798,167**	**1,448,640,076**	**44.2**
Grand Total		**17,142,914,490**	**3,663,079,849**	**22.5**

Source: Nakuru County Treasury

Table 3-66: Kilifi County, Budget Execution by Programmes and Sub-Programmes shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

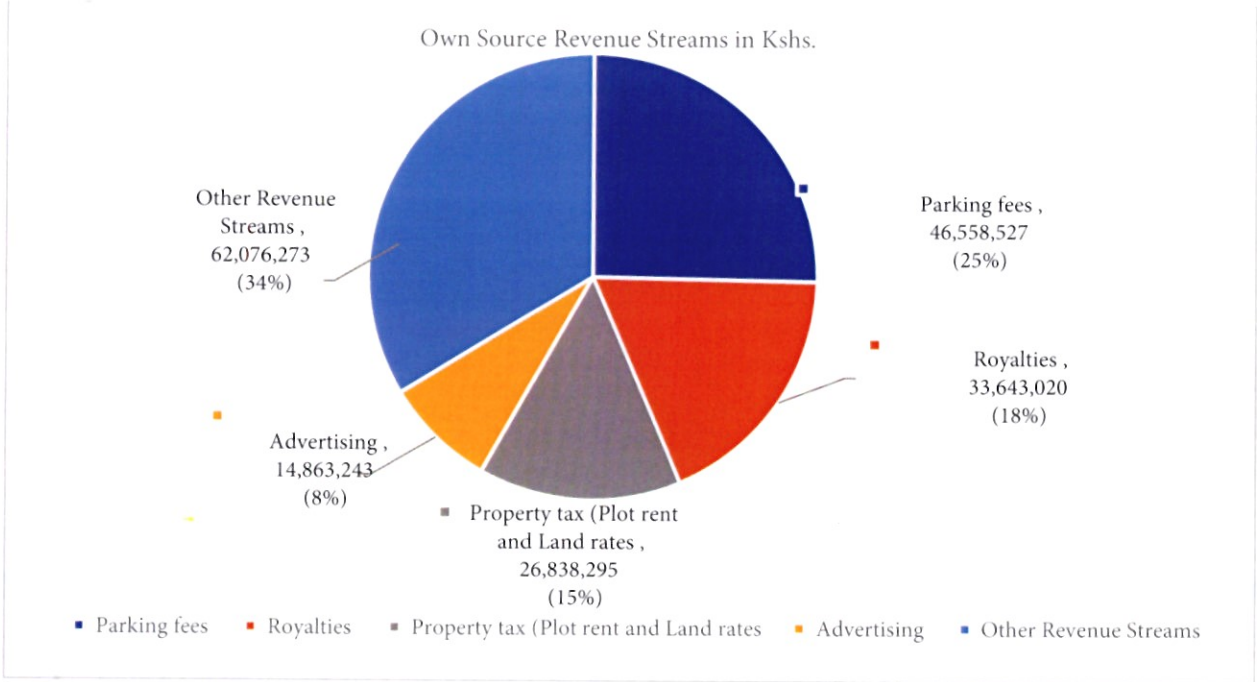
Figure 3-89: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Nakuru County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.456.82 million as own-source revenue. This amount represented a decrease of 44 per cent compared to Kshs.815.67 million realised in a similar period in FY 2021/22 and was 13.9 per cent of the annual target and 20.6 per cent of the received equitable share. The OSR includes revenue arrears and penalties charged on the arrears from the previous financial year of Kshs.28.63 million. The top five revenue streams which contributed the highest OSR are shown in Figure 3-90.

Figure 3-90: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Nakuru County Treasury.

The highest revenue stream was from Parking Fees of Kshs.46.56 million which contributed to 25 per cent of the OSR collected in the first quarter of FY 2022/23. Royalties are revenue received from individuals who mine valuables for sale such as gold, sand, and mazeras.

3.32.3 Exchequer Issues

The Controller of Budget approved Kshs.1.24 billion in withdrawals from the CRF account during the reporting period which was entirely for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised of Kshs.1.08 billion for compensation to employees and Kshs.160.03 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.1.95 billion.

3.32.4 County Expenditure Review

The County spent Kshs.2.04 billion on development and recurrent programmes during the reporting period. This expenditure represented 163.9 per cent of the total funds released by the CoB and comprised Kshs.37.37 million and Kshs.2 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.7 per cent while recurrent expenditure represented 16.7 per cent of the annual recurrent expenditure budget.

3.32.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County reported the stock of pending bills of Kshs.805.89 million which was not broken down into development and recurrent activities. The County Treasury reported the outstanding pending bills as of 30th September 202 as Kshs.725.04 million.

3.32.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.58 billion on employee compensation, Kshs.376.11 million on operations and maintenance, and Kshs.37.37 million on development activities. Similarly, the County Assembly spent Kshs.47.11 million on employee compensation and Kshs.1.71 million on operations and maintenance, as shown in Table 3-146.

Table 3-146: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**3,937,009,705**	**725,895,690**	**3,871,947,694**	**619,998,656**	**98.3**	**85.4**
Compensation to Employees	2,587,479,484	298,196,304	2,523,417,472	296,761,740	97.5	99.5
Operations and Maintenance	1,349,530,221	427,699,386	1,348,530,222	323,236,916	99.9	75.6
Development Expenditure	**2,422,089,751**	**70,612,847**	**801,691,057**	**20,872,321**	**33.1**	**29.6**
Total	**6,359,099,456**	**796,508,537**	**4,673,638,751**	**640,870,977**	**73.5**	**80.5**

Source: Nakuru County Treasury

3.32.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.1.63 billion was 44.4 per cent of the annual realised revenue of Kshs.3.66 billion and included Kshs.827.38 million attributable to the health sector, which translated to 50.9 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.936.08 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.490.64 million. The manual payroll amounted to 42.4 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly spent Kshs.1.37 million on committee sitting allowances for the 83 MCAs and the Speaker against the annual budget allocation of Kshs.101 million and was 2.9 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.5,486 per MCA. The County Assembly has established 23 Committees and during the period, and no bills nor policies documents were processed.

3.32.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.70 million to the Emergency Fund and Kshs.609 million to county-established funds in FY 2022/23, which constituted 4.0 per cent of the County's overall budget for the year. Table 3-147 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-147: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
1.	Emergency Fund	70,000,000	-	-	No
2.	Nakuru County Persons Living with disability Fund	-	-	-	No
3.	Bursary Fund	120,000,000	-	-	No
4.	Nakuru County Executive Car and Mortgage Loan	60,000,000	-	-	No
5.	Nakuru County Enterprise Fund	25,000,000	-	-	No
6.	Nakuru County Assembly MCA Car and Mortgage Loan	404,000,000	-	-	No
	Total	**679,000,000**			

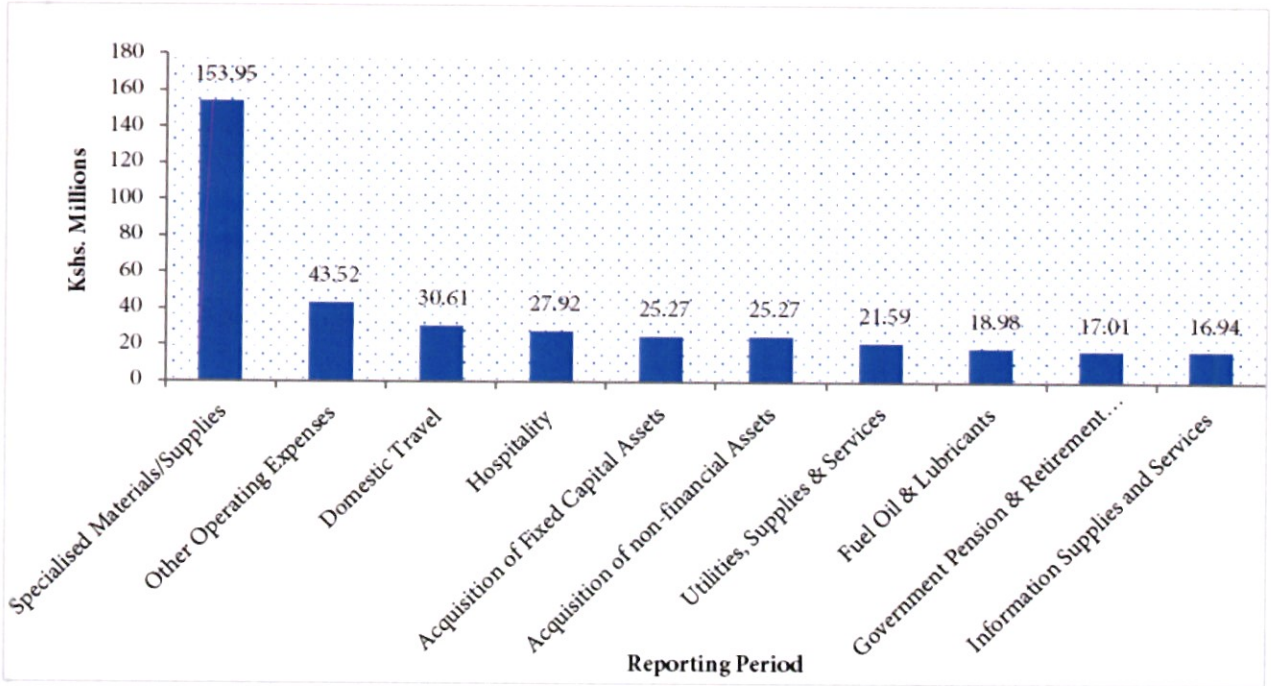
Source: *Nakuru County Treasury*

The OCoB did not receive any quarterly financial returns from Fund Administrators of funds as indicated in Error! Reference source not found.Table 3-147, which is against the requirement of Section 168 of the PFM Act, 2012.

3.32.9 Expenditure on Operations and Maintenance

Figure 3-91 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-91: Nakuru County, Operations and Maintenance Expenditure by Major Categories



Source: *Nakuru County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.30.61 million of which the entire amount was spent by the County Executive. Expenditure on foreign travel amounted Kshs.10.71 million spent by the

County Executive. "Other Operating Expenses" Includes Medical drugs, dressings and other non-pharmaceuticals, Veterinarian Supplies and Materials, Chemicals and Industrial Gases, Laboratory Materials, Supplies and Small Equipment and Foods and Rations among others.

3.32.10 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.37.37 million on development programmes, representing an increase compared to a similar period in FY 2021/22 when the County did not report expenditure on the development budget.

3.32.11 Budget Performance by Department

Table 3-148 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-148: Nakuru County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,410.21	150.00	87.18	-	48.82	-	-	56.0	3.5	-
Finance and Economic Planning	983.50	371.14	133.40	-	151.57	-	-	113.6	15.4	-
Public Service Training and Devolution	854.41	49.88	110.49	-	150.24	-	-	136.0	17.6	-
Agriculture, Livestock and Fisheries	562.88	574.68	69.55	-	85.51	-	-	122.9	15.2	-
Lands, Physical Planning and Housing	133.74	423.67	15.77	-	21.67	-	-	137.4	16.2	-
Office of the Governor and Deputy Governor	330.66	62.86	35.60	-	131.65	-	-	369.8	39.8	-
Education, ICT and E-Government	764.84	444.21	61.28	-	73.75	-	-	120.3	9.6	-
Trade, Industry Marketing and Tourism	169.80	143.54	10.48	-	14.45	-	-	137.9	8.5	-
Youth, Culture, Sports and Social Services	236.24	155.36	7.58	-	22.04	-	-	290.8	9.3	-
Infrastructure, Roads, Public Works and Transport	328.75	776.71	17.51	-	27.06	-	-	154.5	8.2	-
Environment, Water, Energy and Natural Resources	281.89	798.35	52.52	-	57.43	-	-	109.4	20.4	-
Health Services	5,768.33	1,064.40	631.28	-	1,203.28	11.30	11.30	190.6	20.9	1.1
CPSB	71.85	7.50	8.60	-	11.63	-	-	135.2	16.2	-
Nakuru Municipality	49.83	60.00	2.07	-	1.73	-	-	83.3	3.5	-
Naivasha Municipality	38.79	50.00	1.22	-	2.05	26.06	26.06	168.1	5.3	52.1
Office of the County Attorney	19.90	5.00	-	-	-	-	-	-	-	-
TOTAL	**12,005.63**	**5139.29**	**1244.53**	**-**	**2002.87**	**37.37**	**160.9**	**-**	**16.7**	**0.7**

Source: *Nakuru County Treasury*

Analysis of expenditure by department shows that the Naivasha Municipality recorded the highest absorption rate of the development budget at 52.1 per cent, followed by the Department of Health Services at 1.1 per cent, while

the rest of the departments did not report expenditure development programmes. The Department of Office of the Governor and Deputy Governor had the highest percentage of recurrent expenditure to budget at 39.8 per cent while the Office of the County Attorney did not have any expenditure.

The recurrent expenditure allocation for the County Assembly of Kshs.1.41 billion is within the ceilings set by CARA,2022 of Kshs.1.01 billion as it includes a non-ceiling item of Kshs.404.08 million meant for Nakuru County Assembly MCA Car and Mortgage Loan.

3.32.12 Budget Execution by Programmes and Sub-Programmes

Table 3-149 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-149: Nakuru County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Department of Finance and Economic Planning					
Programme 1: Administration, Planning and Support Services	SP 1.1: Administration Services	431,816,674	1,887,000	429,929,674	0.4
	Sp 1.2: Personnel Services	549,241,520	140,496,244	408,745,276	25.6
Sub Total		**981,058,194**	**142,383,244**	**838,674,950**	**14.5**
Programme 2: Public Finance Management	SP 2.1: Budget Formulation Coordination and Management	56,543,946	2,085,300	54,458,646	3.7
	SP 2.2: Resource Mobilization	80,425,320	1,562,885	78,862,435	1.9
	SP 2.3: Internal Audit	43,104,007	3,416,940	39,687,067	7.9
	SP 2.4: Procurement	18,817,383	44,800	18,772,583	0.2
	SP 2.5: Public Finance and Accounting	30,324,827	747,725	29,577,102	2.5
	SP 2.6: Debt Management	82,952,108	131,600	82,820,508	0.2
	SP 2.7: External Resource Mobilization	12,023,988	280,100	11,743,888	2.3
Sub Total		**324,191,579**	**8,269,350**	**315,922,229**	**2.6**
Programme 3: Economic and Financial Policy Formulation and Management	SP 3.1: Fiscal Planning	39,215,712	779,700	38,436,012	2.0
	SP 3.2: Monitoring & Evaluation / Statistical Data Management	9,876,747	133,500	9,743,247	1.4
	SP 3.3: KDSP Programme	-	-	-	-
Sub Total		**49,092,459**	**913,200**	**48,179,259**	**1.9**
Department of Public Service Training and Devolution					
Programme 1 Administration, Planning and Support service	Sub-programme 1.1(Administration service)	150,080,964	-	150,080,964	-
	Sub-programme 1.2(Personal Service)	654,880,126	150,326,830	504,553,296	23.0
	Sub-programme 1.3(Financial Service)	50,000	-	50,000	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Sub-programme 1.4(Co-ordination of Public and Special Community Programme)	3,500,000	-	3,500,000	-
	Sub-programme 1.5(Mainstream Workplace HIV/AIDS,Alcohol & Drug Abuse Control)	2,000,000	-	2,000,000	-
	Sub-programme 1.6(Rehabilitation/Construction of Sub County Offices)	49,880,408	-	49,880,408	-
Sub Total		**860,391,498**	**150,326,830**	**710,064,668**	**17.5**
Programme 3: Human Resource Management and Development	Sub-programme 3.1 Performance Contracting	4,000,000	-	4,000,000	-
	Sub-programme 3.2 Performance Appraisal System	4,500,000	-	4,500,000	-
	Sub-programme 3.3 Staff development Through Capacity Building and Training	30,399,580	-	30,399,580	-
Sub Total		**38,899,580**	**-**	**38,899,580**	**-**
Programme 4: Disaster Management and Humanitarian Assistance	Sub-programme 4.1 Disaster Management and Humanitarian Assistance	5,000,000	-	5,000,000	-
Sub Total		**5,000,000**		**5,000,000**	**-**
Department of Agriculture, Livestock and Fisheries					
Programme 1: Administration, Planning and Support Services	SP 1.1: Human Resources Services	400,214,290	84,944,554	315,269,737	21.2
	SP 1.2: Administration, Planning and Support Services	141,906,444	272,100	141,634,344	0.2
Sub Total		**542,120,734**	**85,216,654**	**456,904,081**	**15.7**
Programme 2: Livestock Resource Management and Development	SP 2.1: Livestock Production and Management	10,146,025	312,400	9,833,625	3.1
	SP 2.2: Promotion of Value Addition of Livestock and Livestock Products	152,121,845		152,121,845	-
	SP 2.3: Livestock Extension Service Delivery	3,121,854		3,121,854	-
	SP 2.4: Food Safety and Livestock Products Development	13,902,317		13,902,317	-
	SP 2.5: Livestock Disease Management and Control	16,084,029		16,084,029	-
Sub Total		**195,376,070**	**312,400**	**195,063,670**	**0.2**
Programme 3: Fisheries Development	SP 3.1: Aquaculture development	11,815,282	69,600	11,745,682	0.6
	SP 3.2: Development of capture fisheries resources	9,829,790	-	9,829,790	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	SP 3.3: Fish quality assurance, value addition and marketing	1,286,269	-	1,286,269	-
Sub Total		**22,931,341**	**69,600**	**22,861,741**	**0.3**
Programme 4: Crop Development and Management	SP 4.1: Extension, Research and Training	20,453,147	183,500	20,269,647	0.9
	SP 4.2: Crop Production and Food Security	348,612,006	-	348,612,006	-
	SP 4.3: Farmland utilization, Conservation and Mechanization	5,257,429	-	368,881,653	-
	SP 4.4: Agribusiness Development and Marketing	2,196,040	-	2,196,040	-
	SP 4.5: Agri-nutrition	611,345	-	-	-
Sub Total		**377,129,967**	**183,500**	**739,959,346**	**-**
Department of Lands, Physical Planning and Housing					
Programme 1: Administration, Planning, Management and Support Services	SP 1.1 Administration and financial service	108,117,870	21,668,960	86,448,910	20.0
Sub Total		**108,117,870**	**21,668,960**	**86,448,910**	**20**
Programme 2: Land Use Planning and Survey	SP 2.1 Nakuru County Land use plan	357,298,626	-	357,298,626	-
	SP 2.2 Land Information Management System (LIM)	3,400,000	-	3,400,000	-
	SP 2.3 Surveying and Mapping of county	1,925,000	-	1,925,000	-
	SP 2.4 Urban Plan and Development	52,978,159	-	52,978,159	-
	SP 2.5 Surveying of Urban Centres	1,348,045	-	1,348,045	-
	SP 2.6 Surveying of County Estate and facilitation of Lease processing	1,500,000	-	1,500,000	-
	SP 2.7 Establishment of a survey Centre and Mapping Centre's	1,000,000	-	1,000,000	-
Sub Total		**419,449,830**	**-**	**419,449,830**	**-**
Programme 3: Housing Development and Management	SP 3.1 Maintenance of County Houses	6,356,997	-	6,356,997	-
	SP 3.2 Housing Technology Establishment of five Constituency Building Technology Centres	15,000,000	-	15,000,000	-
	SP 3.3 Development of Housing Infrastructure	8,479,073	-	8,479,073	-
Sub Total		**29,836,070**	**-**	**29,836,070**	**-**
Department of Office of the Governor and Deputy Governor					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Administration, Planning and Support	Administration and Planning	170,195,148	88,762,722	81,432,426	52.2
	Personnel Services	100,523,424	32,851,104	67,672,320	32.7
Sub Total		**270,718,572**	**121,613,826**	**149,104,746**	**44.9**
Management of County Affairs	County Executive Services	13,200,736	-	13,200,736	-
	Policy Direction and Coordination	76,600,368	4,572,250	72,028,118	6.0
	County Policing Services	3,960,221	-	3,960,221	-
	Leadership and Governance	2,640,147	-	2,640,147	-
Sub Total		**96,401,472**	**4,572,250**	**91,829,222**	**4.7**
Coordination and Supervisory Services	Organisation of County Business	19,801,104	5,465,202	14,335,902	27.6
	Special Programmes	6,600,368	-	6,600,368	-
Sub Total		**26,401,472**	**5,465,202**	**20,936,270**	**20.7**
Department of Education, ICT and E-Government					
Programme 1: Administration, Planning and Support Services	S.P. 1:1 Personnel services	469,305,788	73,747,340	395,558,448	15.7
	S.P. 1:2 Administration and Support Services	325,746,159	-	325,746,159	-
	S.P. 1.3: Financial services	-	-	-	-
Sub Total		**795,051,947**	**73,747,340**	**721,304,607**	**9.3**
Programme 2: Promotion of Early Childhood Education and Development	S.P. 2.1: Promotion of early childhood	42,776,132	-	42,776,132	-
	S.P. 2.2: Bursaries	120,000,000	-	120,000,000	-
	S.P. 2.3: Education development	31,457,589	-	31,457,589	-
Sub Total		**194,233,721**	**-**	**194,233,721**	**-**
Programme 3: Vocational Training	S.P. 3.1: Vocational training	74,877,706	-	74,877,706	-
	S.P. 3.2: Revitalization of youth programme	105,088,631	-	105,088,631	-
Sub Total		**179,966,337**	**-**	**179,966,337**	**-**
Programme 4: Information and Communication Service	S.P. 4.1: Public Communication and Media Services	10,674,500	-	10,674,500	-
Sub Total		**10,674,500**	**-**	**10,674,500**	**-**
Programme 5: ICT Infrastructure Development and e-Government Services	S.P. 5.1: Network Infrastructure	12,457,281	-	12,457,281	-
	S.P. 5.2: Hardware and Software platforms	5,000,000	-	5,000,000	-
	S.P. 5.3: e-Government Services	11,675,137	-	11,675,137	-
Sub Total		**29,132,418**	**-**	**29,132,418**	**-**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Department of Trade, Industry Marketing and Tourism					
Programme 1: Administration, Planning and Support Services	SP 1.1: Administration, Planning and Support Services	36,693,822	-	36,693,822	-
	SP 1.2: Personnel Services	61,958,068	12,082,281	49,875,787	19.5
	SP 1.3: Financial Services		-	-	-
Sub Total		**98,651,890**	**12,082,281**	**86,569,609**	**12.2**
Programme 2: Cooperative Development and Management	SP 2.1: Enhance Marketing Cooperatives	20,579,942	-	20,579,942	-
	SP 2.2: Sacco Member Empowerment	2,662,791	-	2,662,791	-
	SP 2.3: Enforcement of Compliance in Cooperatives	2,653,022	-	2,653,022	-
	SP 2.4: Extension Services	1,165,698			
Sub Total		**1,248,547**	**-**	**1,248,547**	**-**
Programme 3: Commerce and Enterprise	SP.3:1 Business Development Services for SME's	2,365,108	-	2,365,108	-
	SP 3.2: Facilitating Producer Business Groups (PBGs)	2,000,000	-	2,000,000	-
	SP 3.3: SME Funding	1,974,892	-	1,974,892	-
	SP 3.4: Trade Licensing	25,000,000	-	25,000,000	-
	SP 3.5: Consumer Protection	17,000,000	-	17,000,000	-
Sub Total		**8,450,000**		**8,450,000**	
Programme 4: Market Rehabilitation and Development	SP 4.1: Rehabilitation and Renovation of Existing Markets	36,538,924	-	36,538,924	-
	SP 4.2: Development of Retail and Wholesale Markets in Nakuru	55,000,000	-	55,000,000	-
	SP 4.3: Market Users Delivery Services	15,250,000	-	15,250,000	-
Sub Total		**106,788,924**	**-**	**106,788,924**	**-**
Programme 5: Promotion of Tourism and Markets	SP 5.1: Promotion of Local Tourism	7,000,000	-	7,000,000	-
	SP 5.2: Establishment and Management of County Tourism Information Centre	3,850,000	-	3,850,000	-
Sub Total		**10,850,000**	**-**	**10,850,000**	**-**
Programme 6: Alcoholic Drinks Control	SP 6.1 Inspection, approval and liquor licensing	5,000,000	-	5,000,000	-
	SP 6.2 Liquor enforcement and compliance	909,749	-	909,749	-
	SP 6.3 Research and innovation	1,000,251	-	1,000,251	-
	SP 6.4 Treatment and Rehabilitation of persons depends on alcoholic drink	4,000,000	-	4,000,000	-
	SP 6.5 Education and training	1,040,000	-	1,040,000	-
Sub Total		**11,950,000**	**-**	**11,950,000**	**-**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Department of Youth, Culture, Sports and Social Services					
Programme 1: Administration, Planning and Support Services	SP 1.2 Administration	76,225,894	-	76,225,894	-
	SP 1.3 Personnel services	108,941,814	22,036,549	86,905,265	20.2
	SP 1.4 Financial services	3,100,000	-	3,100,000	-
Sub Total		**188,267,708**	**22,036,549**	**166,231,159**	**11.7**
Programme 2: Development of Socio-Cultural Diversity, Economic Empowerment and Responsible Gaming	SP 2.2 Cultural development activities	13,000,000	-	13,000,000	-
	SP 2.3 Gender development activities	16,750,000	-	16,750,000	-
	SP 2.4 Promotion of responsible gaming.	1,930,000	-	1,930,000	-
	SP 2.5 Social Development activities	14,070,000	-	14,070,000	-
	SP 2.6 Social Cultural Development	21,500,000	-	21,500,000	-
Sub Total		**67,250,000**	**-**	**67,250,000**	**-**
Programme 3: Management and Development of Sports, Recreation and Sports Facilities	SP 3.2 Development of Sports Infrastructure	47,823,107	-	47,823,107	-
	SP 3.3 Sporting Tournament	7,000,000	-	7,000,000	-
	SP 3.4 Sports Funding.	50,500,000	-	50,500,000	-
Sub Total		**105,323,107**	**-**	**105,323,107**	**-**
Programme 4: Youth Empowerment and Participation	SP 4.2 Youth empowerment and participation	16,250,000	-	16,250,000	-
	SP 4.3 Youth development	14,500,000	-	14,500,000	-
Sub Total		**30,750,000**	**-**	**30,750,000**	**-**
Department of Infrastructure, Roads, Public Works and Transport					
Programme 1: Administration, Planning and Support Services	SP 1.1. Administrative services.	41,564,207	-	41,564,207	-
	SP 1.2: Personnel services.	136,652,235	27,063,511	109,588,724	19.8
	SP 1.3: Financial Services.	-	-	-	-
Sub Total		**178,216,442**	**27,063,511**	**151,152,931**	**15.2**
Programme 2. Infrastructure, Development & Maintenance.	S.P 2.1-Construction rehabilitation & maintenance of Roads, Drainage & Bridges.	764,788,293	-	764,788,293	-
	S.P 2.2-Rehabilitation & Maintenance of Transport Terminus.	4,850,000	-	4,850,000	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	S.P 2.3-Construction & Maintenance of non-residential County Buildings.	34,650,000	-	34,650,000	-
	S.P 2.4-Installation, Rehabilitation & Maintenance of Lighting facilities.	114,250,000	-	114,250,000	-
Sub Total		**918,538,293**	**-**	**918,538,293**	**-**
Programme 3. Fire-fighting & Disaster Management.	S.P 3.1 Firefighting and Emergency Services	7,700,000	-	7,700,000	-
	S.P3.2 Disaster management(fire and rescue)	1,000,000	-	1,000,000	-
Sub Total		**7,700,000**	**-**	**7,700,000**	**-**
Department of Environment, Water, Energy and Natural Resources					
Programme 1: Administration	S.P 1.1: Administrative services	32,310,941	666,267	31,644,674	2.1
	S.P 1.2: Human Resource	216,813,857	56,765,144	160,048,713	26.2
Sub Total		**249,124,798**	**57,431,411**	**191,693,386**	**23.1**
Programme 2: Water and Sewerage management	SP 2.1 Provision of Water	249,124,798	57,431,411	191,693,386	23.1
	S.P 2.2 Provision of sewerage	581,182,134	-	581,182,134	-
Sub Total		**830,306,932**	**57,431,411**	**772,875,520**	**6.9**
Programme 3: Environmental Management	S.P 3:1 Pollution control	581,182,134	-	581,182,134	-
	S.P 3:3 Greening and Beautification	173,192,528	-	173,192,528	-
Sub Total		**754,374,662**	**-**	**754,374,662**	**-**
Programme 4: County Energy, Planning, Regulate, Operation & Development	Administration	2,000,000	-	2,000,000	-
Sub Total		**2,000,000**	**-**	**2,000,000**	**-**
Department of Health Services					
Programme 1: Administration and Planning	SP 1.2: Governance and Leadership	22,319,000	-	22,319,000	-
	SP 1.3: Human Resource Management	540,716,145	5,742,592	534,973,553	1.1
	SP 1.4: Research and Development	108,471,674	22,191,307	86,280,367	20.5
	SP 1.5: Health Infrastructure and Development	2,500,000	-	2,500,000	-
		6,000,000	-	6,000,000	-
Sub Total		**680,006,819**	**27,933,899**	**652,072,920**	**4.1**
Programme 2: Health Preventive and Promotive Services	SP 2:1: Primary Health Care	401,799,925	-	401,799,925	0.0
	SP 2.2: Environmental Health and Sanitation	2,000,000	-	2,000,000	0.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	SP 2:3: Human Resource	1,724,215,259	352,742,694	1,371,472,565	20.5
	SP 2.4: Disease Surveillance and Emergency Response	1,897,550	-	1,897,550	-
	SP 2.5: Health Promotive	1,000,000	-	1,000,000	-
	SP 2:6: HIV Programme	2,000,000	-	2,000,000	-
	SP 2:7: Nutrition	10,000,000	-	10,000,000	-
	SP 2:8 Reproductive Health	1,750,000	-	1,750,000	-
	SP 2:9 Immunization	1,825,775	-	1,825,775	-
Sub Total		**2,146,488,509**	**352,742,694**	**1,793,745,815**	**16.4**
Programme 3: Health Curative and Rehabilitative Services	SP 3:1: Provision of Essential Health Services in all levels	1,627,210,664	263,977,721	1,363,232,943	16.2
	SP 3.2: Elimination of communicable and non-communicable diseases	2,200,000	-	2,200,000	-
	SP 3:3: Human Resource	2,376,820,332	574,706,434	1,802,113,898	24.2
Sub Total		**4,006,230,996**	**838,684,155**	**3,167,546,841**	**20.9**
Department of County Public Service Board					
Programme: Administration and Human Resource Planning	SP1.1 Administration services	70,349,524	11,630,274	58,719,250	16.5
	SP1.2 Financial services	2,000,000	-	2,000,000	-
	SP1.3 Human Resource Planning	4,000,000	-	4,000,000	-
	SP 1.4 Provision of Human Resource Planning	3,000,000	-	3,000,000	-
Sub Total		**79,349,524**	**11,630,274**	**67,719,250**	**14.7**
Department of Nakuru Municipality					
Programme 1: Administration and Planning	SP 1.1 Administration and Planning	31,864,465	22,647,016	9,217,449	71.1
	SP 1.2 Personnel Services	13,553,051	11,998,031	1,555,020	88.5
	SP 1.3 Financial Services	600,000	300,000	300,000	50.0
Sub Total		**46,017,516**	**34,945,047**	**11,072,469**	**75.9**
Programme 2: Nakuru Municipality Urban Planning and Development	SP 2.1 Infrastructure Development and Urban Planning	49,397,727	-	49,397,727	-
	SP 2.2 Nakuru Municipality Environmental Management	11,712,512	1,000,000	10,712,512	8.5
	SP 2.3 Trade Markets and Investments	950,016	1,500,000	(549,984)	157.9
	SP 2.4 Nakuru Municipality Social Services	1,752,145	2,000,000	(247,855)	114.1
Sub Total		**63,812,400**	**262,077,635**	**59,312,400**	**7.1**
Department of Naivasha Municipality					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Programme 1: Administration, Planning and support Services	S.P 1.1 Administration and Planning	21,630,096	-	21,630,096	-
	S.P 1.2: Personnel Services	9,106,822	2,050,369	7,056,453	22.5
	S.P 1.3: Financial services	600,000	-	600,000	-
Sub Total		**31,336,918**	**2,050,369**	**29,286,549**	**6.5**
Programme 2: Naivasha Municipal Services	S.P 2.1 Planning and Infrastructure	39,855,238	-	39,855,238	-
	S.P 2.2 Environmental Management and Sanitation	15,900,000	-	15,900,000	-
	S.P 2.3 Naivasha Social Services	900,000	-	900,000	-
	S.P 2.4 Tourism, Investment and Trade	800,000	-	800,000	-
Sub Total		**57,455,238**	**-**	**57,455,238**	**-**
Department of County Assembly					
Procedures and Committee Services	Programme 1 Administrative	512,429,857	24,649,757	487,780,100	4.8
	Programme 2 Legislative Services	1,047,782,347	24,173,632	1,023,608,715	2.3
Sub Total		**1,560,212,204**	**48,823,389**	**1,511,388,815**	**3.1**
Grand Total		**17,142,914,490**	**2,040,234,713**	**15,102,679,777**	**11.9**

Source: *Nakuru County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: SP 1.2 Personnel Services in the Department of Nakuru Municipality at 88.5 per cent, SP 1.1 Administration and Planning in the Department of Nakuru Municipality at 71.1 per cent and Administration and Planning in the Department of Office of the Governor and Deputy Governor at 52.2 per cent of budget allocation.

3.32.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 1st November 2022.
2. Failure by the County Treasury to budget for the cash balance of Kshs.991.82 million from FY 2021/22.
3. The underperformance of own-source revenue at Kshs.183.98 million against an annual projection of Kshs.1.98 billion, representing 9.3 per cent of the annual target.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for all established Funds were not submitted to the Controller of Budget.
5. High level of pending bills which amounted to Kshs.724.04 million as of 30th September 2022. This is despite the availability of cash in the CRF which stood at Kshs.1.95 billion as at the end of the First Quarter of FY 2022/23.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.490.64 million were processed through the manual payroll and accounted for 42.4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should prepare a supplementary budget and appropriate the cash balance from FY 2021/22.*
3. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
6. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.33 County Government of Nandi

3.33.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.8.50 billion, comprising Kshs.2.43 billion (28.6 per cent) and Kshs.6.07 billion (71.4 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 5.5 per cent compared to the previous financial year when the approved budget was Kshs.8.97 billion and comprised of Kshs.3.10 billion towards development expenditure and Kshs.5.87 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.99 billion (82.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.321.23 million (3.8 per cent) from its own sources of revenue, and a cash balance of Kshs.595 million (7 per cent) from FY 2021/22. The County also expects to receive Kshs.593.48 million (7 per cent) as conditional grants, which comprise DANIDA-HSPS3 at Kshs.11.27 million, DANIDA-2021-22 at Kshs.15.21 million, Nutrition (NI) Program Fund 2021-22 at Kshs.10 million, W.B -Transforming of Health Systems 2021-22 at Kshs.59.48 million, W B. -National Agricultural and Rural Growth Project at Kshs.297.11 million, Other Loans and grants- Locally- Led Climate Action Program(FLLoCA) at Kshs.125 million, KISIP 2 -Kenya Informal Settlement Improvement Project 2 at Kshs.66.52 million, and Agricultural Sector Development Support Programme (ASDSP)at Kshs.8.89 million.

The cash balance from the previous financial year comprises of Kshs.583.04 million in the County Revenue Fund, Kshs.426,523 in Nandi County Road Maintenance Levy Fund Account, Kshs.8 million in World Bank Special Purpose Account, Kshs.40 million in Kapsabet Municipality Urban Development Grant Account, Kshs.126,649 in the Nandi County Village Polytechnic Project Account, Kshs.870,166 in the Nandi County Nutrition International Account, Kshs.3.36 million in the Nandi County Primary Health Care Account, and Kshs.3.59 million in the Nandi County Educational Fund Account.

3.33.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.71 billion as the equitable share of the revenue raised nationally, raised Kshs.37.07 million as own-source revenue and had a cash balance of Kshs.639.84 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.2.39 billion, as shown in Table 3-150.

Table 3-150: Nandi County, Revenue Performance in the First Quarter of FY 2022/23

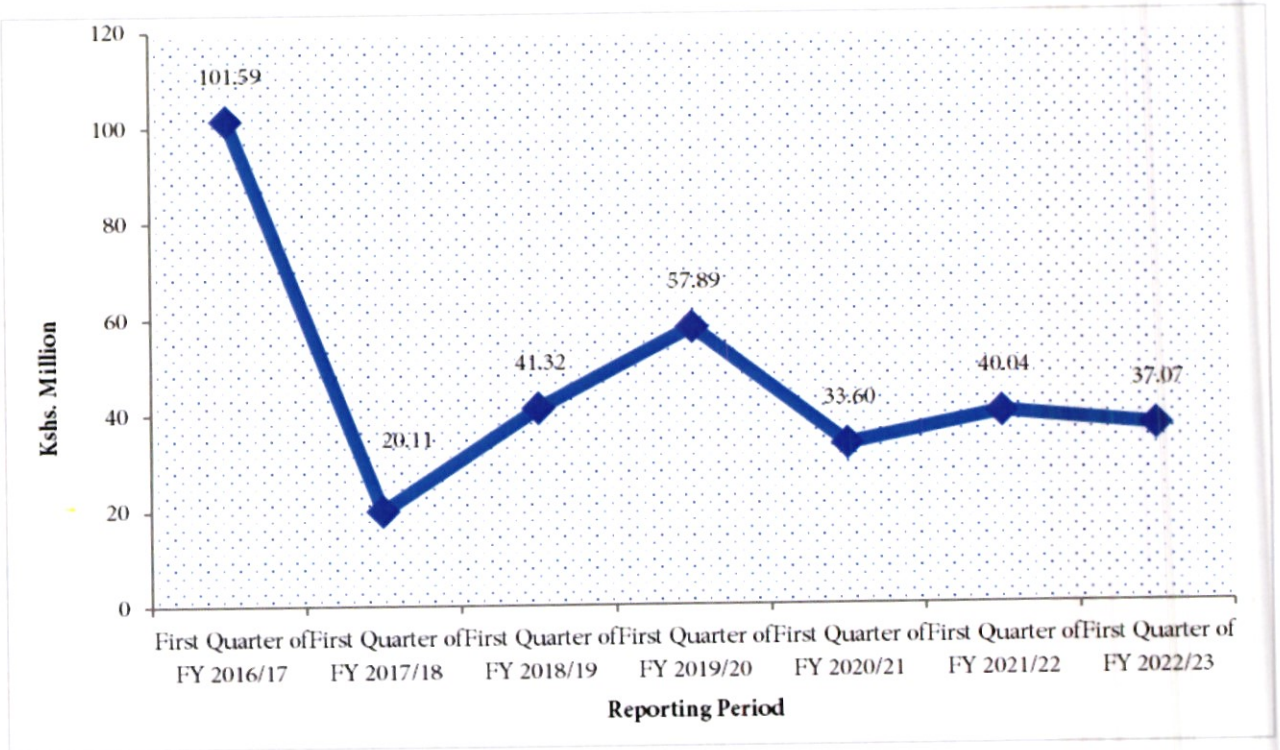
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2022/23 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,990,869,041	1,712,762,917	24.5

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2022/23 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
Sub Total		**6,990,869,041**	**1,712,762,917**	**24.5**
B	**Conditional Grants**			
1	Danida-HSPS3	11,272,300	-	-
2	DANIDA-2021-22	15,210,000	-	-
3	Nutrition (NI) Program Fund 2021-22	10,000,000	-	-
4	W.B -Transforming of Health Systems 2021-22	59,482,857	-	-
5	W B. -National Agricultural and Rural Growth Project	297,105,136	-	-
6	Other Loans and grants- Locally- Led Climate Action Program (FLLoCA)	125,000,000	-	-
7	KISIP 2 -Kenya Informal Settlement Improvement Project 2	66,519,088	-	-
8	Agricultural Sector Development Support Programme (ASDSP)	8,889,036	-	-
	Sub-Total	**593,478,417**	-	-
D	**Other Sources of Revenue**			
1	Own Source Revenue	321,234,445	37,070,025	11.5
2	Balance b/f from FY2021/22	595,000,000	583,043,013	98
3	Other Revenues	-	56,797,986	-
Sub Total		**916,234,445**	**676,911,024**	**73.9**
Grand Total		**8,500,581,903**	**2,389,673,941**	**28.1**

Source: Nandi County Treasury

No conditional grants were disbursed in the First Quarter of FY 2022/23. Figure 3-92 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

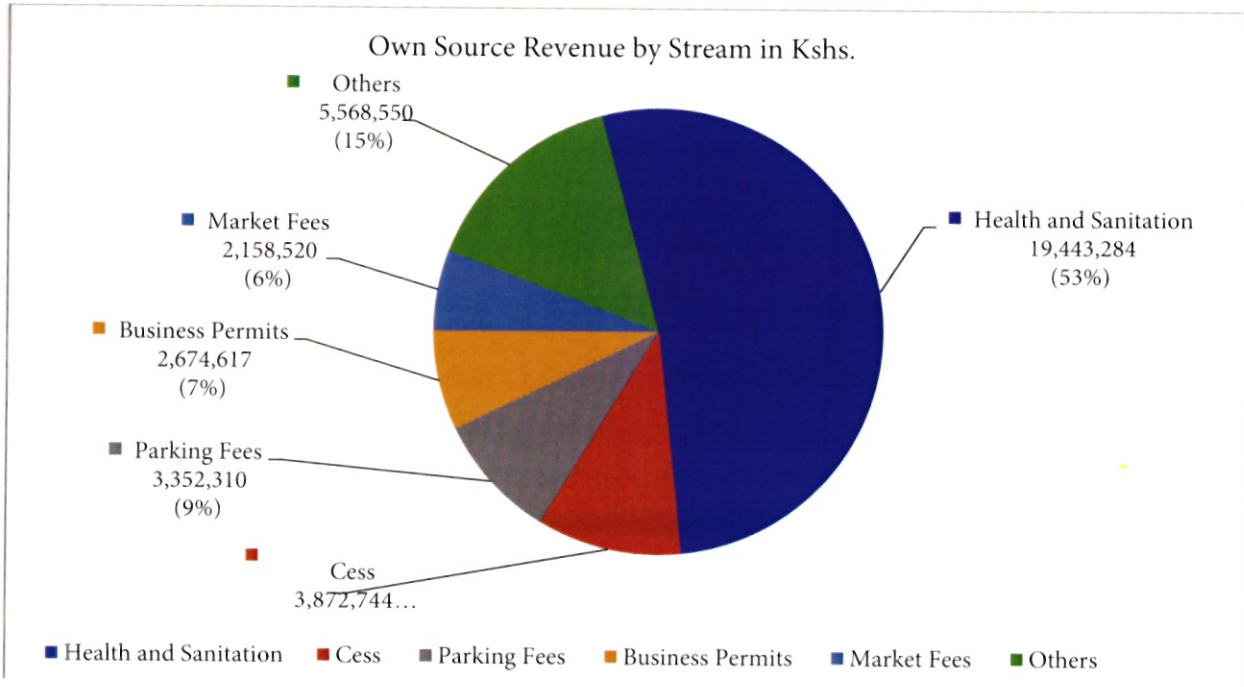
Figure 3-92: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Nandi County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.37.07 million as own-source revenue. This amount represented a decrease of 7.4 per cent compared to Kshs.40.04 million realised in a similar period in FY 2021/22 and was 11 per cent of the annual target and 2.2 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-93.

Figure 3-93: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23 (Kshs. Million)



Source: Nandi County Treasury

The highest revenue stream was from Health and Sanitation of Kshs.19.44 million, which contributed to 53 per cent of the OSR collected in the first quarter of FY 2022/23.

3.33.3 Exchequer Issues

The Controller of Budget approved Kshs.1.21 billion in withdrawals from the CRF account during the reporting period. The amount comprised Kshs.44.31 million (3.7 per cent) for development programmes and Kshs.1.17 billion (96.3 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.881.36 million for compensation to employees, Kshs.284.09 million for Operations and Maintenance expenditure, and Kshs.44.31 million for development expenditure.

The cash available in the County Revenue Fund Account on 30th September 2022 was Kshs.583.04 million.

3.33.4 County Expenditure Review

The County spent Kshs.1.34 billion entirely on recurrent programmes during the reporting period. This expenditure represented 111 per cent of the total funds released by the CoB. Recurrent expenditure represented 22.1 per cent of the annual recurrent expenditure budget.

3.33.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County reported the stock of pending bills of Kshs.794.31 million, which comprised Kshs.254.75 million for recurrent expenditure and Kshs.539.56 million for development activities. During the period under review, pending bills amounting to Kshs.41.07 million were settled, consisting of Kshs.6.57 million for recurrent expenditure and Kshs.34.5 million for development programmes. Therefore, as of 30th September 2022, the outstanding pending bills were Kshs.753.25 million.

3.33.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.02 billion on employee compensation and Kshs.205.28 million on operations and maintenance. Similarly, the County Assembly spent Kshs.82.61 million on employee compensation and Kshs.30.89 million on operations and maintenance, as shown in Table 3-151.

Table 3-151: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,398,569,199**	**669,452,973**	**1,229,908,238**	**113,499,283**	**22.8**	**17**
Compensation to Employees	3,512,576,954	422,271,924	1,024,623,894	82,607,897	29.2	19.6
Operations and Maintenance	1,885,992,245	247,181,049	205,284,344	30,891,386	10.9	12.5
Development Expenditure	2,332,559,731	100,000,000	-	-	-	-
Total	**7,731,128,930**	**769,452,973**	**1,229,908,238**	**113,499,283**	**15.9**	**14.8**

Source: Nandi County Treasury

3.33.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.1.11 billion was 46.3 per cent of the realised revenue of Kshs.2.39 billion and included Kshs.660.35 million attributable to the health sector, translating to 59.5 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.995.04 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.111.92 million. The manual payroll amounted to 10.1 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system.

The County Assembly spent Kshs.2.42 million on committee sitting allowances for the 40 MCAs and the Speaker against the annual budget allocation of Kshs.44.92 million, which was 2.9 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.20,193 per MCA.

3.33.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Ksh.126 million to county-established funds in FY 2022/23, which constituted 1.5 per cent of the County's overall budget for the year. Table 3-152 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-152: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1	Emergency Fund	10,000,000	-	-	No

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
2	Bursary Fund	78,000,000	6,000,000	-	No
3	Car Loan & Mortgage	20,000,000	-	-	No
County Assembly Established Funds					
4	Car Loan & Mortgage	18,000,000	-	-	No
	Total	**126,000,000**	**6,000,000**		

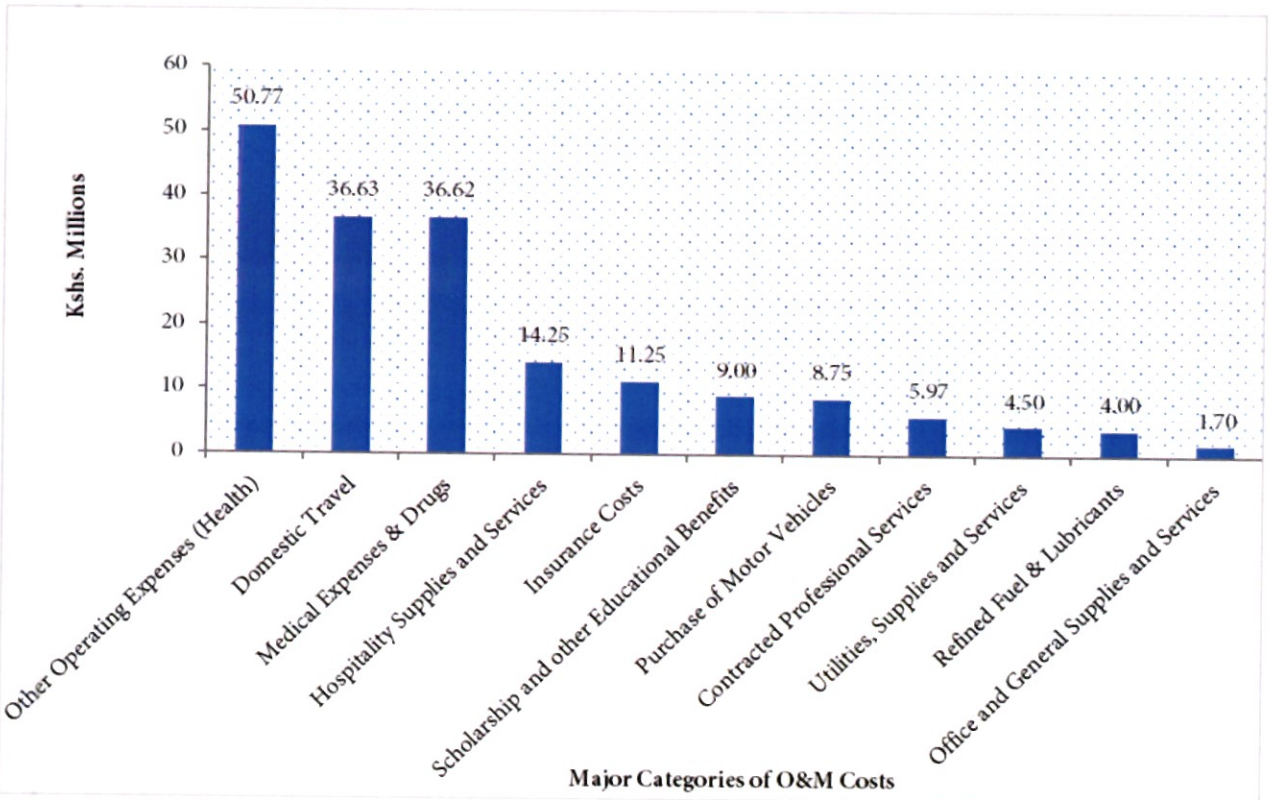
Source: *Nandi County Treasury*

The Fund Administrators of County Established Funds did not submit the quarterly financial reports to the OCOB, contrary to Section 168 of the PFM Act, 2012.

3.33.9 Expenditure on Operations and Maintenance

Figure 3-94 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-94: Nandi County, Operations and Maintenance Expenditure by Major Categories



Source: *Nandi County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.36.63 million consisting of Kshs.18.48 million spent by the County Assembly and Kshs.18.16 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.62 million entirely by the County Executive. The "other operating expenses" of Kshs.50.77 million comprise of supplies to health centres across the County.

3.33.10 Development Expenditure

In the First Quarter of FY 2022/23, the County did not report any expenditure on development activities. In a similar period in FY 2021/22, the County spent Kshs.118.98 million.

3.33.11 Budget Performance by Department

Table 3-153 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-153: Nandi County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	497.73	60.30	149.38	-	88.61	-	59.3	-	17.8	-
Finance and Economic Planning	609.11	21.50	92.91	-	87.94	-	94.7	-	14.4	-
Devolved Units and Special Programmes	84.65	127.52	21.86	44.31	13.86	15	63.4	33.9	16.4	11.8
Health and Sanitation	2,899.64	434.20	540.81	-	760.33	-	140.6	-	26.2	-
Agriculture, Livestock and Fisheries	279.88	521.57	48.41	-	61.46	25	126.9	-	22.0	4.8
Tourism, Culture and Co-operative Development	62.42	9.27	18.85	-	9.40	-	49.9	-	15.1	-
Youth, Gender and Social Services	129.17	77.54	21.83	-	15.63	-	71.6	-	12.1	-
Education Research and Vocational Training	463.37	197.69	96.50	-	155.07	-	160.7	-	33.5	-
Lands, Environment and Natural Resources	115.81	435.45	21.96	-	9.30	-	42.3	-	8.0	-
Roads Transport and Public Works	135.52	362.03	22.20	-	16.97	-	76.4	-	12.5	-
Trade and Industrial Development	62.22	85.47	12.25	-	5.55	-	45.3	-	8.9	-
Public Service and Labour	59.06	-	5.00	-	5.79	-	115.8	-	9.8	-
County Assembly	669.45	100.00	113.50	-	113.50	-	100.0	-	17.0	-
Total	**6,068.02**	**2,432.56**	**1,165.45**	**44.31**	**1,343.41**	**-**	**115.3**	**-**	**22.1**	**1.6**

Source: *Nandi County Treasury*

Analysis of expenditure by department shows that the Department of Education Research and Vocational Training had the highest percentage of recurrent expenditure to budget at 33.5 per cent, while the Department of Lands, Environment and Natural Resources had the lowest at 8 per cent.

3.33.12 Budget Execution by Programmes and Sub-Programmes

Table 3-154 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-154: Nandi County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub Programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)
-		Default - Non-Programmatic	-	-	-

Programme	Sub Programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)
	-	Default - Non-Programmatic	-	-	-
101000000		**Land Policy and Planning**	**279,877,543**	**61,459,394**	**218,418,149**
	101010000	Development Planning and Land Reforms	279,877,543	61,459,394	218,418,149
102000000		**Housing Development and Human Settlement**	-	-	-
	102010000	Housing Development	-	-	-
	102040000		-	-	-
103000000			**521,573,337**	**25,000,000**	**496,573,337**
	103020000	Building Standards and Research	521,573,337	25,000,000	496,573,337
	103030000		-	-	-
	103040000		-	-	-
104000000			-	-	-
	104020000		-	-	-
105000000		**Urban and Metropolitan Development**	-	-	-
	105010000	Urban Mobility and Transport	-	-	-
106000000		**General Administration Planning and Support Services**	-	-	-
	106010000	Administration, Planning & Support Services	-	-	-
	106020000	Procurement, Warehousing and Supply	-	-	-
107000000		**General Administration Planning and Support Services**	**434,204,501**	-	**434,204,501**
	107010000	Agricultural Policy, Legal and Regulatory Frameworks	434,204,501	-	434,204,501
108000000		**Crop Development and Management**	-	-	-
	108010000	Land and Crops Development	-	-	-
109000000		**Agribusiness and Information Management**	-	-	-
	109010000	Agribusiness and Market Development	-	-	-
110000000		**Irrigation and Drainage Infrastructure**	**435,454,526**	-	**435,454,526**
	110010000	Promotion of Irrigation and Drainage Development and Management	435,454,526	-	435,454,526
201000000		**General Administration, Planning and Support Services**	**251,324,518**	**26,261,718**	**225,062,800**
	201010000	General Administration, Planning and Support Services	251,324,518	26,261,718	225,062,800
202000000		**Road Transport**	**362,033,464**	-	**362,033,464**
	202010000	Construction of Roads and Bridges	-	-	-
	202020000	Rehabilitation of Roads	362,033,464	-	362,033,464
	202030000	Maintenance of Roads	-	-	-
	202040000	Design of Roads and Bridges	-	-	-
203000000		**Rail Transport**	-	-	-
	203010000	Rail Transport	-	-	-
301000000		**General Administration Planning and Support Services**	**253,810,623**	**30,580,673**	**223,229,950**

Programme	Sub Programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)
	301010000		253,810,623	30,580,673	223,229,950
302000000		**Industrial Development and Investments**	**85,470,383**	-	**85,470,383**
	302010000	Promotion of Industrial Development and Investments	85,470,383	-	85,470,383
303000000		**Standards and Business Incubation**	-	-	-
	303010000	Standardisation, Metrology and conformity assessment	-	-	-
	303020000	Business financing & incubation for MSMEs	-	-	-
304000000		**Cooperative Development and Management**	-	-	-
	304010000	Governance and Accountability	-	-	-
305000000		**East African Affairs and Regional Integration**	-	-	-
	305010000	East African Customs Union	-	-	-
	305020000	East African Common Market	-	-	-
	305030000	EAC Monetary Union	-	-	-
306000000		**Tourism Development and Promotion**	**9,272,000**	-	**9,272,000**
	306010000	Tourism Promotion and Marketing	-	-	-
	306020000	Niche tourism product development and diversification	9,272,000	-	9,272,000
307000000		**Trade Development and Promotion**	-	-	-
	307010000	Domestic Trade Development	-	-	-
	307020000	Fair Trade and Consumer Protection	-	-	-
401000000		**Preventive & Promotive Health Services**	**2,899,637,295**	**760,334,101**	**2,139,303,194**
	401010000	Communicable Disease Control	2,899,637,295	760,334,101	2,139,303,194
402000000		**Curative Health Services**	-	-	-
	402010000	National Referral Services	-	-	-
403000000		**Health Research and Development**	-	-	-
	403010000	Capacity Building & Training	-	-	-
	403020000	Research & Innovations	-	-	-
404000000		**General Administration, Planning & Support Services**	-	-	-
	404010000	Health Policy, Planning & Financing	-	-	-
	404020000	Health Standards, Quality Assurance & Standards	-	-	-
	404030000	National Quality Control Laboratories	-	-	-
405000000		**Maternal and Child Health**	-	-	-
	405010000	Family planning services	-	-	-
	405030000	Immunisation	-	-	-
501000000		**Primary Education**	**463,373,616**	**155,068,291**	**308,305,325**
	501010000	Free Primary Education	463,373,616	155,068,291	308,305,325
502000000		**Secondary Education**	**197,693,002**	-	**197,693,002**
	502010000	Secondary Bursary Management Services	197,693,002	-	197,693,002

Programme	Sub Programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)
	502020000	Free Day Secondary Education	-	-	-
	502030000	Secondary Teachers Education Services	-	-	-
503000000		**Quality Assurance and Standards**	-	-	-
	503010000	Curriculum Development	-	-	-
701000000		**General Administration Planning and Support Services**	**1,128,339,610**	**176,553,307**	**951,786,303**
	701020000		1,128,339,610	176,553,307	951,786,303
702000000		**Cabinet Affairs**	-	-	-
	702010000		-	-	-
703000000		**Government Advisory Services**	-	-	-
	703010000	State Corporations Advisory Services	-	-	-
	703020000	Kenya-South Sudan Advisory Services	-	-	-
704000000		**State House Affairs**	-	-	-
	704010000	Coordination of State House Functions	-	-	-
705000000		**Leadership and Coordination of MDAs**	-	-	-
	705010000	Coordination and Supervision	-	-	-
706000000		**Economic Policy and National Planning**	-	-	-
	706010000	Economic Planning Coordination services	-	-	-
707000000		**National Statistical Information Services**	**60,300,000**	-	**60,300,000**
	707010000	Census and Surveys	-	-	-
	707020000		60,300,000	-	60,300,000
	707030000		-	-	-
708000000		**Public Investment Management, Monitoring and Evaluation Services**	-	-	-
	708010000	National Integrated Monitoring and Evaluation	-	-	-
709000000		**General Administration Planning and Support Services**	-	-	-
	709010000	Human Resources and Support Services	-	-	-
710000000		**Public Service Transformation**	-	-	-
	710010000	Human Resource Management	-	-	-
	710020000	Human Resource Development	-	-	-
711000000		**Gender & Youth Empowerment**	-	-	-
	711010000	National Youth Service	-	-	-
712000000		**Devolution Services**	-	-	-
	712010000	Management of devolution affairs	-	-	-
	712020000	Intergovernmental Relations	-	-	-
713000000		**Special Initiatives**	-	-	-
	713010000	Relief & Rehabilitation	-	-	-
714000000		**General Administration Planning and Support Services**	-	-	-
	714010000	Administration services	-	-	-

Programme	Sub Programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)
715000000		**Foreign Relation and Diplomacy**	-	-	-
	715010000	Management of Kenya missions abroad	-	-	-
716000000		**International Trade and Investments Promotion**	-	-	-
	716010000	International Trade	-	-	-
717000000		**General Administration Planning and Support Services**	-	-	-
	717010000	Administration Services	-	-	-
	717020000	Human Resources Management Services	-	-	-
718000000		**Public Financial Management**	-	-	-
	718010000	Resource Mobilisation	-	-	-
	718020000	Budget Formulation Coordination and Management	-	-	-
	718030000	Audit Services	-	-	-
719000000		**Economic and Financial Policy Formulation and Management**	-	-	-
	719010000	Fiscal Policy Formulation, Development and Management	-	-	-
	719030000	Microfinance Sector Support and Development	-	-	-
720000000		**Market Competition**	-	-	-
	720010000	Elimination of Restrictive Trade Practices	-	-	-
	720020000		-	-	-
721000000		**Legislation and Representation**	**271,225,082**	**34,650,754**	**236,574,328**
	721010000	Legislation and Representation	271,225,082	34,650,754	236,574,328
	721050000		-	-	-
722000000		**Legislative Oversight**	-	-	-
	722050000		-	-	-
723000000		**General Administration, Planning and Support Services**	-	-	-
	723010000	General Administration, Planning and support services	-	-	-
724000000		**Inter-Governmental Revenue and Financial Matters**	-	-	-
	724020000	Research and Policy	-	-	-
	724040000	County Co-ordination Services	-	-	-
	724060000		-	-	-
725000000		**General Administration, Planning and Support Services**	**669,452,973**	**104,541,401**	**564,911,572**
	725010000	Administration	669,452,973	104,541,401	564,911,572
901000000		**Sports**	**100,000,000**	-	**100,000,000**
	901010000	Sports Training and competitions	100,000,000	-	100,000,000
902000000		**Culture**	**77,539,430**	-	**77,539,430**
	902010000	Conservation of Heritage	-	-	-
	902020000	Public Records and Archives Management	77,539,430	-	77,539,430
903000000		**The Arts**	-	-	-

Programme	Sub Programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)
	903010000	Film Services	-	-	-
	903020000		-	-	-
904000000		**Library Services**	-	-	-
	904010000	Library Services	-	-	-
	904020000		-	-	-
905000000		**General Administration, Planning and Support Services**	-	-	-
	905020000		-	-	-
		Grand Total	**8,500,581,903**	**1,374,449,639**	**7,126,132,264**

Source: Nandi County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Free Primary Education in the Department of Education Research at 33.5 per cent and Vocational Training and Communicable Disease Control in the Department of Health and Sanitation at 26.2 per cent of budget allocation.

3.33.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 27th October, 2022.
2. The underperformance of own-source revenue at Kshs.37.07 million against an annual projection of Kshs.80.31 million, representing 11.5 per cent of the annual target.
3. High level of pending bills which amounted to Kshs.753.25 million as of 30th September 2022. This is despite the availability of cash in the CRF which stood at Kshs.583.04 million at the end of the First Quarter of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.111.92 million were processed through the manual payroll and accounted for 10.1 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.34 County Government of Narok

3.34.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.12.11 billion, comprising Kshs.3.9 billion (32.2 per cent) and Kshs.8.21 billion (67.8 per cent) allocation for development and recurrent programmes, respectively. The

approved budget estimate is a decline of 9.3 per cent compared to the previous financial year when the approved supplementary budget was Kshs.13.35 billion and comprised of Kshs.4.01 billion towards development expenditure and Kshs.9.34 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.84 billion (73 per cent) as the equitable share of revenue raised nationally, generate Kshs.2.43 billion (20.1 per cent) from its own sources of revenue. The County also expects to receive Kshs.833.60 million (6.9 per cent) as conditional grants; however, a breakdown of the condition grants was not provided in the budget.

3.34.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.46 billion as the equitable share of the revenue raised nationally and raised Kshs.941.52 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.4 billion, as shown in Table 3-155.

Table 3-155: Narok County, Revenue Performance in the First Quarter of FY 2022/23

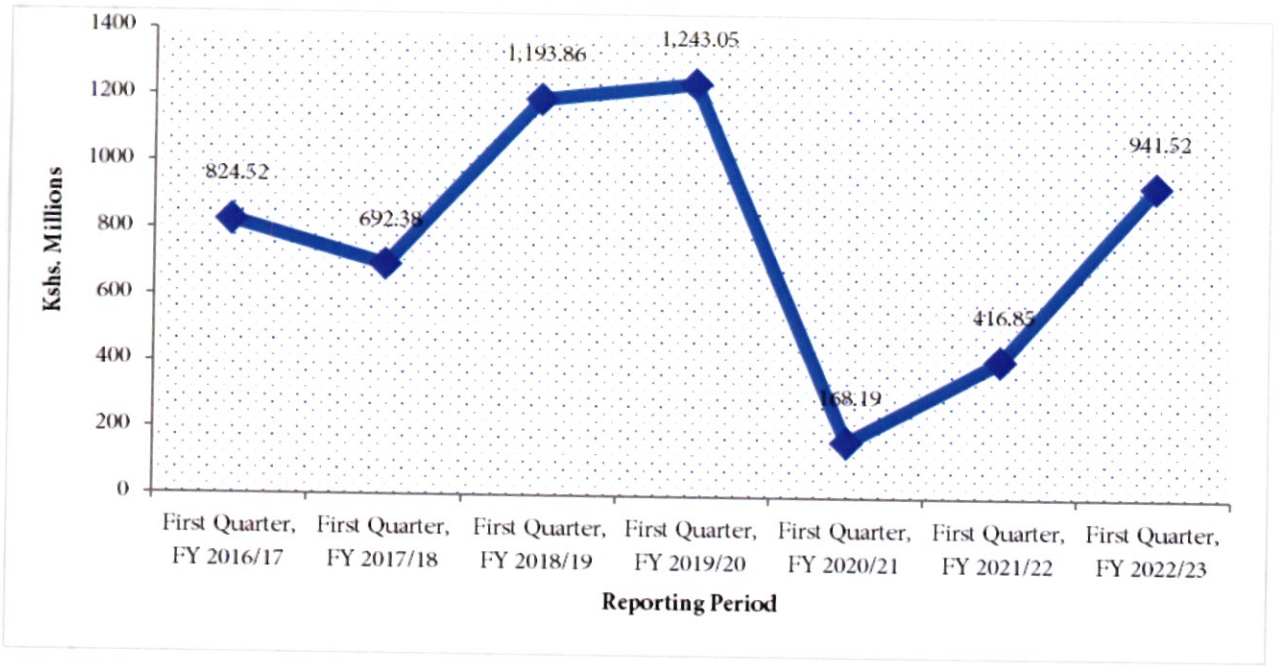
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,844,790,000	1,459,390,257	16.5
Sub Total		**8,844,790,000**	**1,459,390,257**	**16.5**
B	**Conditional Grants**			
1	Loans and Grants (Consolidated)	833,620,000	-	-
	Sub-Total	**833,620,000**	-	-
C	**Other Sources of Revenue**			
1	Own Source Revenue	2,430,830,000	941,516,291	38.7
Sub Total		**2,430,830,000**	**941,516,291**	**38.7**
Grand Total		**12,109,240,000**	**2,400,906,548**	**19.8**

Source: Narok County Treasury

No conditional grants were released in the First Quarter of FY 2022/23.

Figure 3-4 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

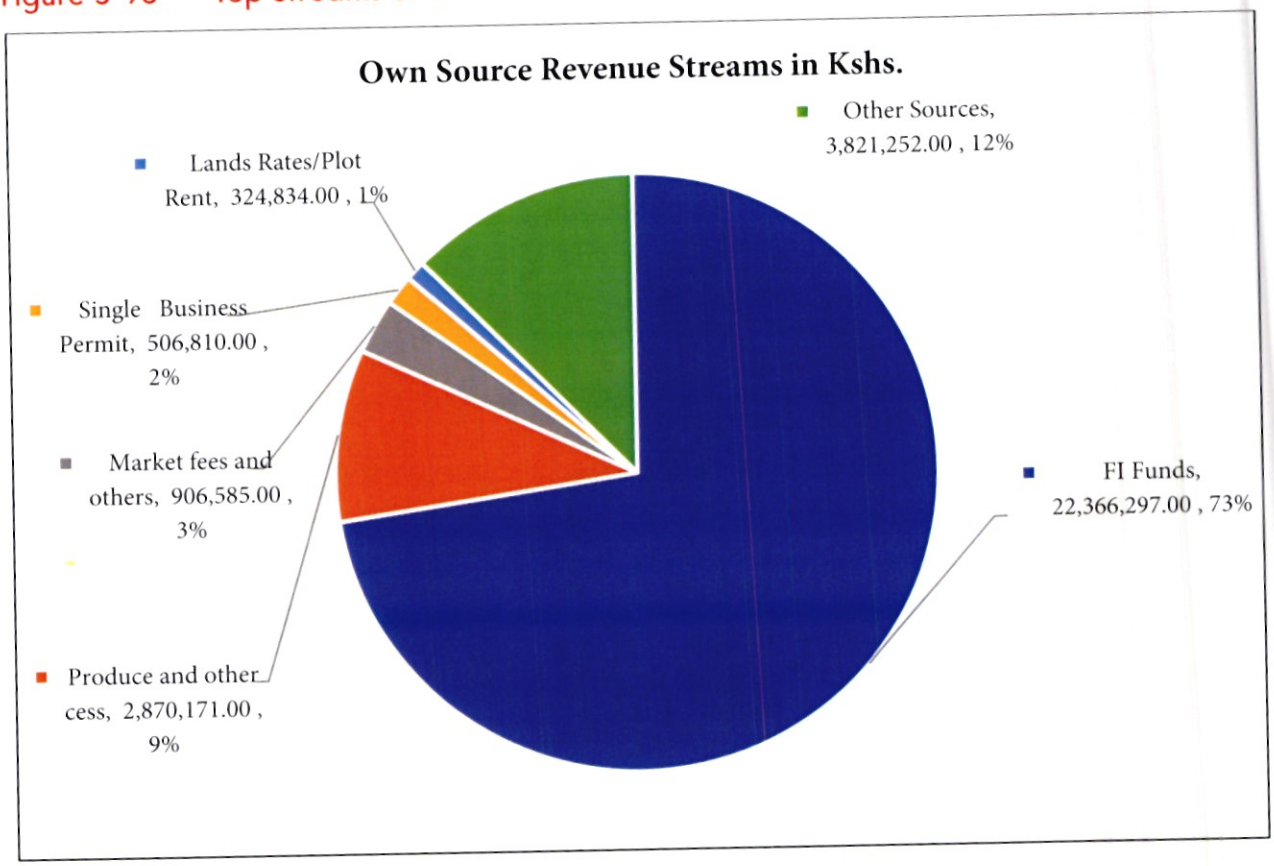
Figure 3-95: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Narok County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.941.52 million as own-source revenue. This amount represented an increase of 126.9 per cent compared to Kshs.416.85 million realised in a similar period in FY 2021/22 and was 38.7 per cent of the annual target and 64.5 per cent of the received equitable share. The OSR did not include revenue arrears and penalties charged on the arrears from the previous financial year. The top five revenue streams which contributed the highest OSR are shown in Figure 3-96.

Figure 3-96 Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Narok County Treasury

The highest revenue stream was from Park Fees of Kshs.895.7 million, which contributed to 95 per cent of the OSR collected in the first quarter of FY 2022/23.

3.34.3 Exchequer Issues

The Controller of Budget approved Kshs.1.96 billion in withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.390.28 million (19.9 per cent) for development programmes and Kshs.1.57 billion (80.1 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised of Kshs.1.07 billion for compensation to employees, Kshs.498.74 million for Operations and Maintenance expenditure and Kshs.390.28 million for development expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.439.30 million.

3.34.4 County Expenditure Review

The County spent Kshs.1.93 billion on development and recurrent programmes during the reporting period. This expenditure represented 80.2 per cent of the total funds released by the CoB and comprised Kshs.382.76 million and Kshs.1.54 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 9.8 per cent, while recurrent expenditure represented 18.8 per cent of the annual recurrent expenditure budget.

3.34.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County reported the stock of pending bills of Kshs.1.07 billion, comprising Kshs.657.26 million for recurrent expenditure and Kshs.364.37 million for development activities. During the period under review, pending bills amounting to Kshs.111.54 million were settled for development programmes. Therefore, as of 30th September 2022, the outstanding pending bills were Kshs.962.57 million.

3.34.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.969.43 million on employee compensation, Kshs.445.95 million on operations and maintenance, and Kshs.382.76 million on development activities. Similarly, the County Assembly spent Kshs.105.07 million on employee compensation and Kshs.22.69 million on operations and maintenance, as shown in Table 3-156.

Table 3-156: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Expenditure (Kshs)		Absorption (%)	
	County Executive	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**7,431,990,000**	1,415,379,516	127,760,190	**19.0**	**16.4**
Compensation to Employees	3,748,988,974	969,432,274	105,074,877	25.9	22.4
Operations and Maintenance	3,683,001,026	445,947,242	22,685,313	12.1	7.4
Development Expenditure	3,820,360,000	382,758,269	-	10.0	0.0
Total	**11,252,350,000**	**1,798,137,785**	**127,760,190**	16.0	14.9

Source: Narok County Treasury

3.34.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.1.07 billion was 64.3 per cent of the realised revenue of Kshs.2.4 billion and included Kshs.329.30 million attributable to the health sector, which translated to 30.7 per cent of the total wage bill in the reporting period. Any significant increase in Personnel Emoluments (P.E. expenditure should be explained) compared to the previous financial year.

Personnel emoluments amounting to Kshs.1.07 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.2.37 million. The manual payroll amounted to 0.2 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly did not report any expenditure on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.54.81 million.

3.34.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.62.04 million to the Emergency Fund and Kshs.418.47 million to county-established funds in FY 2022/23, which constituted 3.5 per cent of the County's overall budget for the year. Table 3-157 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-157: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Quarterly Financial Statement (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1	Capital Grants and Transfer (To Maasai Mara Community Support Fund.	131,990,141	-		No.
2	Scholarships Fund	211,615,731	-		No.
3	Emergency Fund	62,044,783	-		No.
4	Narok Kajiado Economic Block (NAKAEB).	33,424,846	-		
County Assembly Established Funds					
5	House Loans to MCA	41,438,590	-		No.
	Total	**480,514,091**			

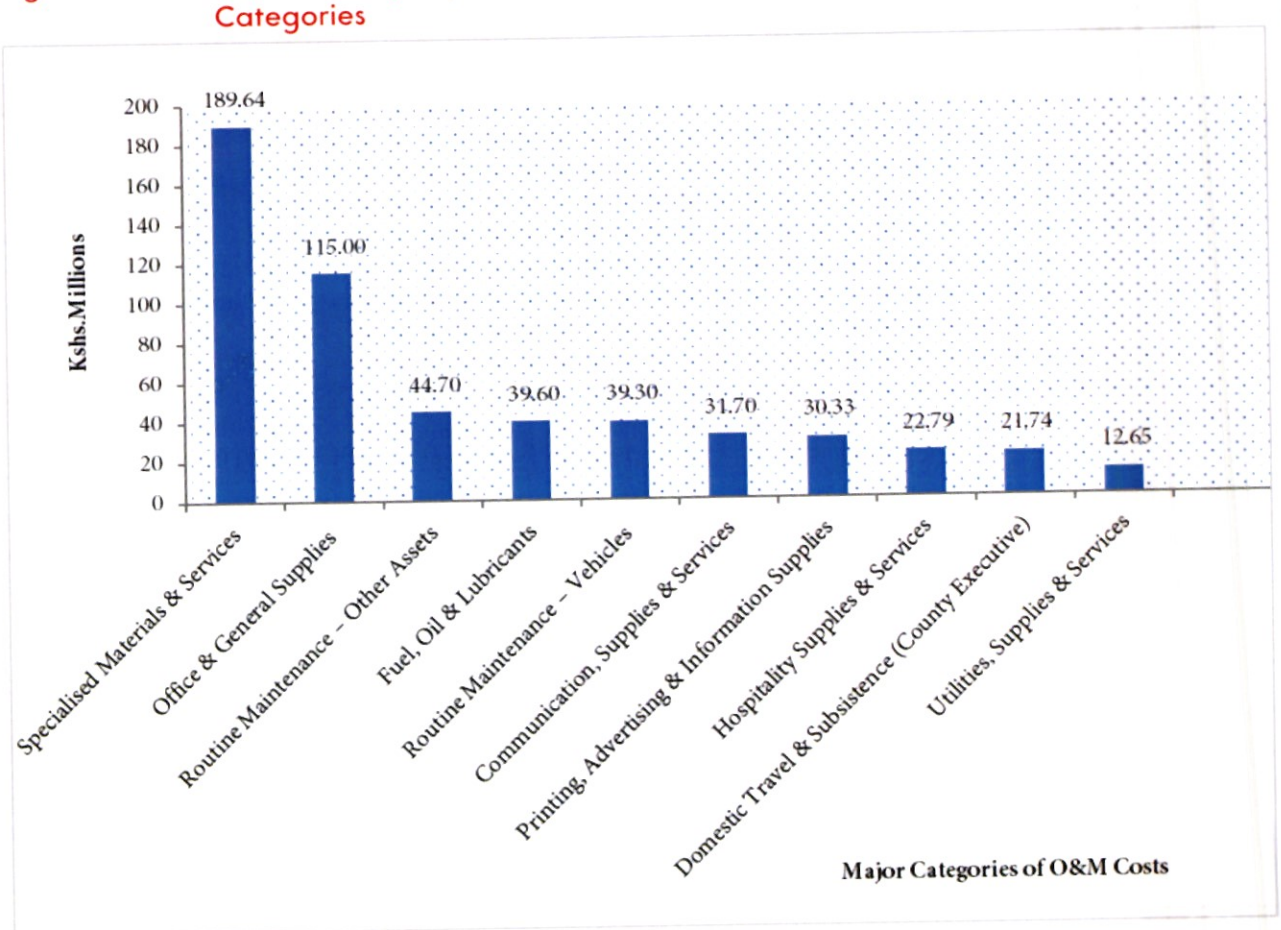
Source: *Narok County Treasury*

The Fund Administrators of the established funds did not submit the First Quarter financial statements to OCOB.

3.34.9 Expenditure on Operations and Maintenance

Figure 3-97 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-97: Narok County, Operations and Maintenance Expenditure by Major Categories



Source: *Narok County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.37.13 million and comprised of Kshs.15.39 million spent by the County Assembly and Kshs.21.74 million by the County Executive.

3.34.10 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.382.76 million on development programmes, mainly through the settlement of pending bills. Table 3-158 summarises development projects with the highest expenditure in the reporting period.

Table 3-158: Narok County, List of Development Projects with the Highest Expenditure

S/No.	Sector	Project Name	Project Location	Contract Sum (Kshs.)	Budget (Kshs.)	Amount paid to date (Kshs)
1	Roads, Transport Public Works and Infrastructure	Road Maintenance: Koita Mukran, Moshoro Leelongo, Sinkakara Leleongo, Mosho-N/Enkare &Chobokori olchobosei roads	Misiro, Kilgoris central & Kimintet Wards	Consolidated for several roads	N/A	26,200,122.00
2	Roads, Transport Public Works and Infrastructure	Gravelling and grading	Misiro, Kilgoris central, Kimintet & Dikirr Wards	Consolidated for several roads	N/A	43,494,390.02
3	Roads, Transport Public Works and Infrastructure	Purchase of graders	County Headquarters	Consolidated for several roads	N/A	20,741,380.00
4	Roads, Transport Public Works and Infrastructure	Drilling of boreholes	Emurua dikirr sub-county	Several boreholes consolidated	N/A	15,704,975.02
5	Health and Sanitation	Construction of medical school N/Enkare Hosp, Nkararo Health Center, DIKIRR Hospital Expansion works.Emurua DIKIRR HOSP,N/Enkare office Renovation.	Lolgorian Ward, Ilkerin Ward,	Consolidated for several Health canters	N/A	46,706,111.10
6	Health and Sanitation	Mechanical, electrical, engineering services and associated work for medical schools	Narok North	558,785,432.26	558,785,432.26	65,381,113.00
7	Health and Sanitation	Proposed construction of new Narok county medical school, hostels and associated works	Narok North	288,850,043.00	288,850,043.00	56,759,584.00
8	Roads, Transport Public Works and Infrastructure	Olonini-Luiz/Ndovu road.	Mara	5,968,242.00	5,968,242.00	5,968,242.00
9	Roads, Transport Public Works and Infrastructure	Olkiu-enkorika-mashangwa road	Mara	5,776,404.00	5,776,404.00	5,776,404.00

Source: *Narok County Treasury*

3.34.11 Budget Performance by Department

Table 3-159 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-159: Narok County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	776.89	80.00	157.87	-	127.76	-	80.9	-	16.4	-
Office of the Governor and Deputy Governor	140.87	-	23.29	-	23.29	-	100.0	-	16.5	-
Treasury, Economic Planning and ICT	831.41	204.78	270.89	-	270.89	-	100.0	-	32.6	-
County Transport, Public works and infrastructure	349.67	678.87	83.11	205.73	83.11	205.21	100.0	99.7	23.8	30.2
Education Youth Affairs, Sports Culture and Social Services	1,113.18	350.41	336.00	-	336.00	-	100.0	-	30.2	-
Environment & Natural Resources	268.06	384.39	125.20	15.70	125.20	15.00	100.0	95.5	46.7	3.9
County Public Service Board	95.58	-	26.13	-	26.13	-	100.0	-	27.3	-
Agriculture, Livestock and Fisheries	301.63	480.67	45.19	-	45.19	-	100.0	-	15.0	-
County Health and Sanitation	2,781.81	981.40	232.49	165.85	232.49	160.00	100.0	96.5	8.4	16.3
Lands, Housing, Physical Planning & Urban Development	232.64	219.03	52.18	-	52.18	-	100.0	-	22.4	-
Tourism and Wildlife	417.64	185.05	71.35	-	71.35	-	100.0	-	17.1	-
Department of County Administration and Public service Management	790.10	235.23	134.51	3.00	134.51	2.55	100.0	85.0	17.0	1.1
Trade and Industrialization	109.40	100.53	15.04	-	15.04	-	100.0	-	13.7	-
Total	**8,208.88**	**3,900.36**	**1,573.25**	**390.28**	**1,543.14**	**382.76**	**98.1**	**98.1**	**18.8**	**9.8**

Source: *Narok County Treasury*

Analysis of expenditure by department shows that the Department of Transport, Public works and infrastructure recorded the highest absorption rate of development budget at 30.2 per cent, followed by the Department of Health and Sanitation at 16.3 per cent. The Department of Environment & Natural Resources had the highest percentage of recurrent expenditure to budget at 46.7 per cent, while the Department of Health and Sanitation had the lowest at 8.4 per cent.

The recurrent expenditure ceilings for Narok County Assembly and County Executive as provided in CARA, 2022 are Kshs.734,655,062 and Kshs.607,049,529, respectively. Therefore, the allocation for recurrent expenditure for the County Assembly and the County Executive is within the ceilings in CARA 2022.

3.34.12 Budget Execution by Programmes and Sub-Programmes

Table 3-160 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-160: Narok County, Budget Execution by Programmes and Sub-Programmes

Head	Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
0		**Default Value (Non-Departmental)**	**0**	**2,596,600.00**	**-2,596,600.00**	0.0%
	1002004610	Environment Management and Protection	0	0	0	0.0%

Head	Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	703004610	Economic Policy and County Planning	0	0	0	0.0%
	701004610	General Administration, Planning and Support Services	0	2,096,600.00	-2,096,600.00	0.0%
	4610	Default - Non-Programmatic	0	500,000.00	-500,000.00	0.0%
4611000100		**county Assembly Headquarters**	**311,129,231.00**	**3,431,357.90**	**307,697,873.10**	1.1%
	725004610		0	0	0	0.0%
	704004610	Legislation and Representation	311,129,231.00	3,431,357.90	307,697,873.10	1.1%
	722004610		0	0	0	0.0%
	701004610	General Administration, Planning and Support Services	0	0	0	0.0%
4611000200		**Office of the Speaker**	**13,460,000.00**	**2,579,700.00**	**10,880,300.00**	19.2%
	722004610		0	0	0	0.0%
	704004610	Legislation and Representation	13,460,000.00	2,579,700.00	10,880,300.00	19.2%
4611000300		**County Assembly Administration**	**403,394,425.00**	**1,935,730.00**	**401,458,695.00**	0.5%
	722004610		0	0	0	0.0%
	701004610	General Administration, Planning and Support Services	403,394,425.00	1,935,730.00	401,458,695.00	0.5%
4611000400		**County Legislature**	**8,700,000.00**	**0**	**8,700,000.00**	0.0%
	704004610	Legislation and Representation	8,700,000.00	0	8,700,000.00	0.0%
4611000500		**Finance Management Services**	**12,610,000.00**	**1,556,400.00**	**11,053,600.00**	12.3%
	722004610		0	0	0	0.0%
	702004610	Public Finance Management	0	0	0	0.0%
	701004610	General Administration, Planning and Support Services	12,610,000.00	1,556,400.00	11,053,600.00	12.3%
4611000600		**Policy And Research**	**6,600,544.00**	**0**	**6,600,544.00**	0.0%
	704004610	Legislation and Representation	6,600,544.00	0	6,600,544.00	0.0%
	724004610		0	0	0	0.0%
4611000700		**Administrative Services**	**63,916,800.00**	**14,416,650.00**	**49,500,150.00**	22.6%
	701004610	General Administration, Planning and Support Services	63,916,800.00	14,416,650.00	49,500,150.00	22.6%
4611000800		**County Assembly Service Board**	**6,000,000.00**	**157,000.00**	**5,843,000.00**	2.6%
	704004610	Legislation and Representation	6,000,000.00	157,000.00	5,843,000.00	2.6%
	722004610		0	0	0	0.0%
4611000900		**Procedure And Committee Services**	**31,079,000.00**	**6,956,280.00**	**24,122,720.00**	22.4%

Head	Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	701004610	General Administration, Planning and Support Services	31,079,000.00	6,956,280.00	24,122,720.00	22.4%
	722004610		0	0	0	0.0%
4612000100		**County Executive**	**140,870,000.00**	**8,040,750.00**	**132,829,250.00**	5.7%
	725004610		0	0	0	0.0%
	701004610	General Administration, Planning and Support Services	140,870,000.00	8,040,750.00	132,829,250.00	5.7%
4612000200		**County Executive Administration**	**0**	**0**	**0**	0.0%
	701004610	General Administration, Planning and Support Services	0	0	0	0.0%
	725004610		0	0	0	0.0%
4612000300		**County Public Service Management**	**0**	**0**	**0**	0.0%
	725004610		0	0	0	0.0%
	701004610	General Administration, Planning and Support Services	0	0	0	0.0%
4612000400		**Internal Audit**	**0**	**0**	**0**	0.0%
	729004610		0	0	0	0.0%
4613000100		**Finance & Economic Planning**	**28,609,819.00**	**2,068,505.00**	**26,541,314.00**	7.2%
	702004610	Public Finance Management	0	0	0	0.0%
	202004610	ICT Services	0	0	0	0.0%
	703004610	Economic Policy and County Planning	28,609,819.00	2,068,505.00	26,541,314.00	7.2%
	706004610		0	0	0	0.0%
4613000200		**Procurement**	**80,427,102.00**	**13,327,940.00**	**67,099,162.00**	16.6%
	702004610	Public Finance Management	80,427,102.00	13,327,940.00	67,099,162.00	16.6%
4613000300		**Revenue Management Services**	**169,527,722.00**	**41,175,905.00**	**128,351,817.00**	24.3%
	702004610	Public Finance Management	169,527,722.00	41,175,905.00	128,351,817.00	24.3%
4613000400		**County Treasury**	**560,699,468.00**	**106,138,870.00**	**454,560,598.00**	18.9%
	703004610	Economic Policy and County Planning	560,699,468.00	106,138,870.00	454,560,598.00	18.9%
	702004610	Public Finance Management	0	0	0	0.0%
4613000500		**Accounting Services**	**35,876,419.00**	**240,200.00**	**35,636,219.00**	0.7%
	702004610	Public Finance Management	35,876,419.00	240,200.00	35,636,219.00	0.7%
4613000600		**Budget Formulation, Coordination and Management**	**41,860,423.00**	**1,767,790.00**	**40,092,633.00**	4.2%
	702004610	Public Finance Management	41,860,423.00	1,767,790.00	40,092,633.00	4.2%
4613000700		**Internal Audit**	**63,360,386.00**	**1,247,800.00**	**62,112,586.00**	2.0%
	702004610	Public Finance Management	63,360,386.00	1,247,800.00	62,112,586.00	2.0%
4613000800			**55,828,661.00**	**990,600.00**	**54,838,061.00**	1.8%

Head	Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	202004610	ICT Services	55,828,661.00	990,600.00	54,838,061.00	1.8%
4614000100		**Public Works And Infrastructure**	**758,190,509.00**	**128,109,122.70**	**630,081,386.30**	16.9%
	201004610	Roads Transport and Public Works	758,190,509.00	128,109,122.70	630,081,386.30	16.9%
	107004610	Urban Mobility and Transport	0	0	0	0.0%
	202004610	ICT Services	0	0	0	0.0%
4614000200		**Roads And Transport**	**100,386,773.00**	**5,920,015.00**	**94,466,758.00**	5.9%
	201004610	Roads Transport and Public Works	100,386,773.00	5,920,015.00	94,466,758.00	5.9%
	202004610	ICT Services	0	0	0	0.0%
4614000300			**169,962,718.00**	**19,442,643.00**	**150,520,075.00**	11.4%
	201004610	Roads Transport and Public Works	169,962,718.00	19,442,643.00	150,520,075.00	11.4%
4615000100		**Education**	**1,162,448,893.00**	**349,151,813.60**	**813,297,079.40**	30.0%
	901004610	Social Development and Children Services	0	0	0	0.0%
	501004610	General Administration and policy formulation	0	0	0	0.0%
	502004610	Manpower Development, Employment and Productivity Management	1,162,448,893.00	349,151,813.60	813,297,079.40	30.0%
4615000200		**Gender and Youth Affairs**	**145,110,830.00**	**176,000.00**	**144,934,830.00**	0.1%
	901004610	Social Development and Children Services	145,110,830.00	176,000.00	144,934,830.00	0.1%
4615000300		**Vocational Education and Training**	**114,374,448.00**	**1,167,000.00**	**113,207,448.00**	1.0%
	901004610	Social Development and Children Services	114,374,448.00	1,167,000.00	113,207,448.00	1.0%
4615000400		**Sports**	**0**	**0**	**0**	0.0%
	901004610	Social Development and Children Services	0	0	0	0.0%
4615000500		**Arts, Culture and Heritage**	**19,852,699.00**	**200,000.00**	**19,652,699.00**	1.0%
	901004610	Social Development and Children Services	19,852,699.00	200,000.00	19,652,699.00	1.0%
4615000600		**Social services and Recreation**	**21,803,130.00**	**0**	**21,803,130.00**	0.0%
	901004610	Social Development and Children Services	21,803,130.00	0	21,803,130.00	0.0%
4616000100		**Environment protection, Energy, Water & Natural Resources**	**652,450,000.00**	**2,374,540.00**	**650,075,460.00**	0.4%
	1002004610	Environment Management and Protection	652,450,000.00	2,374,540.00	650,075,460.00	0.4%
	1001004610		0	0	0	0.0%
4617000100		**County Public Service Board**	**95,580,000.00**	**7,855,900.00**	**87,724,100.00**	8.2%
	907004610		0	0	0	0.0%

Head	Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	701004610	General Administration, Planning and Support Services	95,580,000.00	7,855,900.00	87,724,100.00	8.2%
4618000100		**Crop Production**	**524,843,912.00**	**45,190,824.55**	**479,653,087.45**	8.6%
	102004610	Crop Development and management	524,843,912.00	45,190,824.55	479,653,087.45	8.6%
	108004610		0	0	0	0.0%
	103004610	Livestock Resources management and development	0	0	0	0.0%
4618000200		**Livestock Production**	**165,882,138.00**	**0**	**165,882,138.00**	0.0%
	112004610		0	0	0	0.0%
	102004610	Crop Development and management	94,551,137.00	0	94,551,137.00	0.0%
	103004610	Livestock Resources management and development	71,331,001.00	0	71,331,001.00	0.0%
4618000300		**Fisheries**	**29,682,503.00**	**0**	**29,682,503.00**	0.0%
	104004610	Fisheries development and management	29,682,503.00	0	29,682,503.00	0.0%
	111004610		0	0	0	0.0%
4618000400		**veterinary Services**	**61,891,447.00**	**0**	**61,891,447.00**	0.0%
	112004610		0	0	0	0.0%
	103004610	Livestock Resources management and development	61,891,447.00	0	61,891,447.00	0.0%
4619000100		**Health- Medical Services**	**3,419,311,816.00**	**893,424,245.00**	**2,525,887,571.00**	26.1%
	703004610	Economic Policy and County Planning	0	0	0	#DIV/0!
	401004610	Preventive &Promotive Health Services	981,400,000.00	205,189,234.80	776,210,765.20	20.9%
	403004610	General Administration, Planning & Support Services	2,437,911,816.00	688,235,010.20	1,749,676,805.80	28.2%
4619000200		**Public Health**	**343,898,184.00**	**28,786,446.00**	**315,111,738.00**	8.4%
	404004610		0	0	0	0.0%
	402004610	Curative Health Services	343,898,184.00	28,786,446.00	315,111,738.00	8.4%
4620000100		**Land,Housing & Survey**	**59,227,117.00**	**0**	**59,227,117.00**	0.0%
	107004610	Urban Mobility and Transport	0	0	0	0.0%
	101004610	General administration, planning and support services	0	0	0	0.0%
	102004610	Crop Development and management	0	0	0	0.0%
	106004610	Housing Development and Human Settlement	0	0	0	0.0%
	105004610	Land Policy and Planning	59,227,117.00	0	59,227,117.00	0.0%
4620000200		**Town Management**	**243,368,217.00**	**44,854,235.00**	**198,513,982.00**	18.4%
	105004610	Land Policy and Planning	0	0	0	0.0%

Head	Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	107004610	Urban Mobility and Transport	243,368,217.00	44,854,235.00	198,513,982.00	18.4%
4620000300		**Fiscal Planning**	**149,074,666.00**	**0**	**149,074,666.00**	0.0%
	106004610	Housing Development and Human Settlement	149,074,666.00	0	149,074,666.00	0.0%
4621000100		**ICT & E-Government**	**0**	**0**	**0**	0.0%
	202004610	ICT Services	0	0	0	0.0%
	210004610		0	0	0	0.0%
4622000100		**Tourism**	**602,690,000.00**	**171,139,400.00**	**431,550,600.00**	28.4%
	303004610	Tourism Development and Promotion	602,690,000.00	171,139,400.00	431,550,600.00	28.4%
	306004610		0	0	0	0.0%
4622000200		**Wildlife**	**0**	**0**	**0**	0.0%
	301004610	General Administration and Support Services	0	0	0	0.0%
	1003004610		0	0	0	0.0%
4622000300		**Trade, Industry**	**0**	**0**	**0**	0.0%
	302004610	Wildlife Conservation and Security	0	0	0	0.0%
	301004610	General Administration and Support Services	0	0	0	0.0%
4622000400		**Cooperatives**	**0**	**0**	**0**	0.0%
	301004610	General Administration and Support Services	0	0	0	0.0%
4622000500			**0**	**0**	**0**	0.0%
	301004610	General Administration and Support Services	0	0	0	0.0%
4623000100			**556,106,185.00**	**33,760,683.00**	**522,345,502.00**	6.1%
	701004610	General Administration, Planning and Support Services	320,876,185.00	33,760,683.00	287,115,502.00	10.5%
	704004610	Legislation and Representation	235,230,000.00	0	235,230,000.00	0.0%
4623000200			**407,179,034.00**	**23,671,700.00**	**383,507,334.00**	5.8%
	701004610	General Administration, Planning and Support Services	407,179,034.00	23,671,700.00	383,507,334.00	5.8%
4623000300			**62,044,781.00**	**0**	**62,044,781.00**	0.0%
	701004610	General Administration, Planning and Support Services	62,044,781.00	0	62,044,781.00	0.0%
4624000100			**179,253,822.00**	**0**	**179,253,822.00**	0.0%
	301004610	General Administration and Support Services	179,253,822.00	0	179,253,822.00	0.0%
4624000200			**23,486,530.00**	**0**	**23,486,530.00**	0.0%
	301004610	General Administration and Support Services	23,486,530.00	0	23,486,530.00	0.0%
4624000300			**7,189,648.00**	**0**	**7,189,648.00**	0.0%

Head	Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	301004610	General Administration and Support Services	7,189,648.00	0	7,189,648.00	0.0%
4919000100		**County Assembly**	**0**	**0**	**0**	0.0%
	401004610	Preventive &Promotive Health Services	0	0	0	0.0%
		Grand Total	**12,109,240,000.00**	**1,963,852,645.75**	**10,145,387,354.25**	**16.2%**

Source: *Narok County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Manpower Development, Employment and Productivity Management in the Department of Education at 30.0 per cent, Tourism Development and Promotion in the Department of Tourism at 28.4 per cent, General Administration, Planning & Support Services in the Department of Health at 28.2 per cent, and Preventive & Promotive Health Services at 20.9 per cent of budget allocation.

An expenditure of Kshs.2.6 million is indicated under a programme described as "Default Value (Non-Departmental)", which should be reviewed and necessary corrections be undertaken by the County Treasury.

3.34.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 29th October 2022.
2. High level of pending bills which amounted to Kshs.962.57 million as of 30th September 2022. This is despite the availability of cash in the CRF, which stood at Kshs.439.3 million at the end of the First Quarter of FY 2022/23.
3. Fund administrators failed to submit quarterly financial and non-financial reports to the COB contrary to Section 168 of the PFM Act, 2012. The reports for the Scholarship Fund, Emergency Fund, Maasai Mara Community Support Fund, NAKAEB, and the Car loan & Mortgage Fund were not submitted to the Controller of Budget.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

3.35 County Government of Nyamira

3.35.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.6.53 billion, comprising Kshs.2.04 billion (31.2 per cent) and Kshs.4.49 billion (68.8 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates is a decline of 4.4 per cent compared to the previous financial year when the approved budget was Kshs.6.83 billion and comprised of Kshs.2.05 billion towards development expenditure and Kshs.4.78 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.14 billion (78.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.265 million (4.1 per cent) from own source of revenue, Kshs.155.00 million (2.4 per cent) as Appropriation in Aid, and a cash balance of Kshs.555.00 million (8.5 per cent) from FY 2021/22. The County also expects to receive Kshs.419.58 million (6.4 per cent) as conditional grants, which consist of World Bank – National Rural Inclusive Growth Project kshs.275.42 million, DANIDA Kshs.9.02 million, Agricultural Sector Development Support Program Kshs.10.14 million and World Bank Grant - Climate Change Kshs.125.00 million. The cash balance from the previous financial year comprises of equitable share for June 2022 of Kshs.410.37 million, National Rural Inclusive Growth Project at Kshs.53.98 million and Special Purpose Accounts (SPAs) at Kshs.90.65 million.

3.35.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.847.33 million as the equitable share of the revenue raised nationally, raised Kshs.11.88 million as own-source revenue, Kshs.38.26 million as Appropriations- in-Aid, and a cash balance of Kshs.555.00 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.45 billion, as shown in In the First Quarter of FY 2022/23, the County received Kshs.1.71 billion as the equitable share of the revenue raised nationally, raised Kshs.37.07 million as own-source revenue and had a cash balance of Kshs.639.84 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.2.39 billion, as shown in Table 3-150.Table 3-150: Nandi County, Revenue Performance in the First Quarter of FY 2022/23

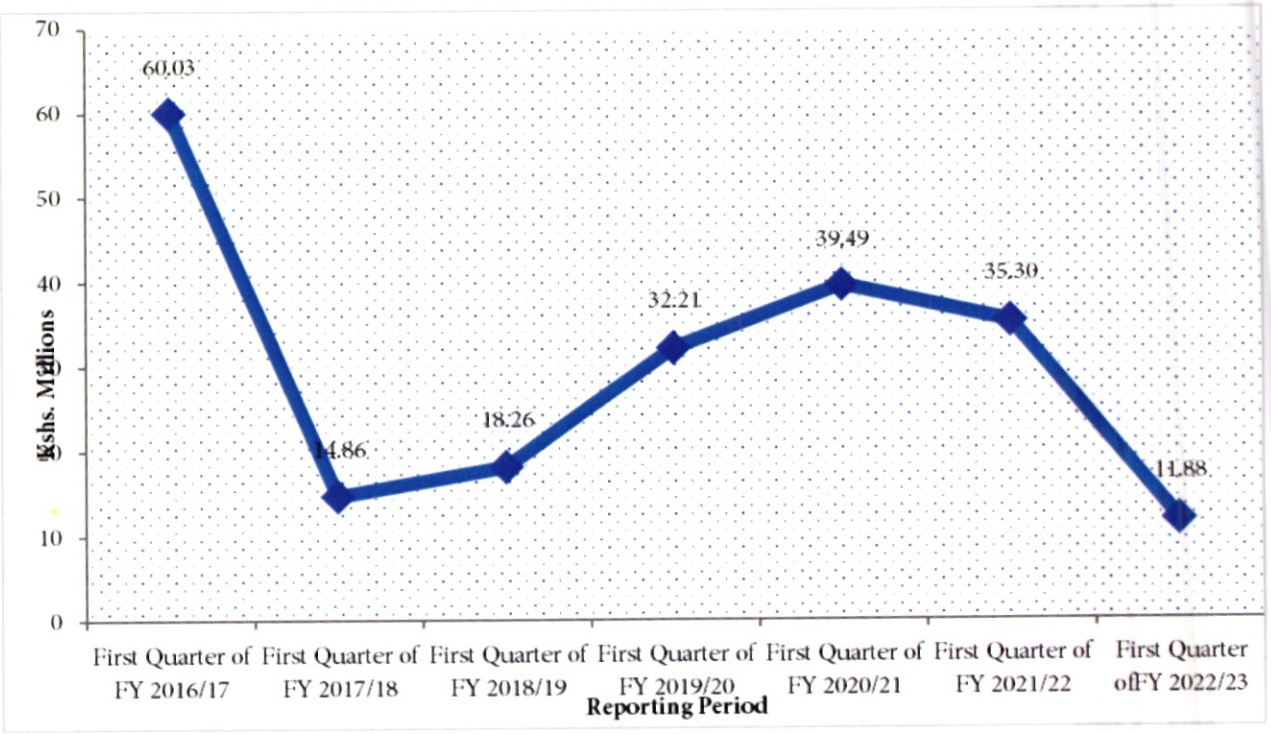
Table 3-161: Nyamira County, Revenue Performance in the First Quarter of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**5,136,340,036**	**847,331, 106**	**16.5**
Sub Total		**5,136,340,036**	**847,331,106**	**16.5**
B	**Other Sources of Revenue**			
1	Own Source Revenue	265,000,000	11,884, 623	4.5
2	Appropriation in Aid	155,000,000	38, 263,223	24.7
3	National Rural Inclusive Growth Project	275,417,324	-	-
4	Climate Change	125,000,000	-	-
5	Agricultural Sector Development Support Programme	10,138,400	-	-
6	DANIDA	9,024,527	-	-
7	Unspent balance from FY 2021/22	555,000,000	555, 000, 000	100
Sub Total		**1,394,580,251**	**605,147,846**	**43.4**
Grand Total		**6,529,920,287**	**1,452,484,952**	**22.7**

Source: Nyamira County Treasury

No conditional grants released in the First Quarter of FY 2022/23. Figure 3-98 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

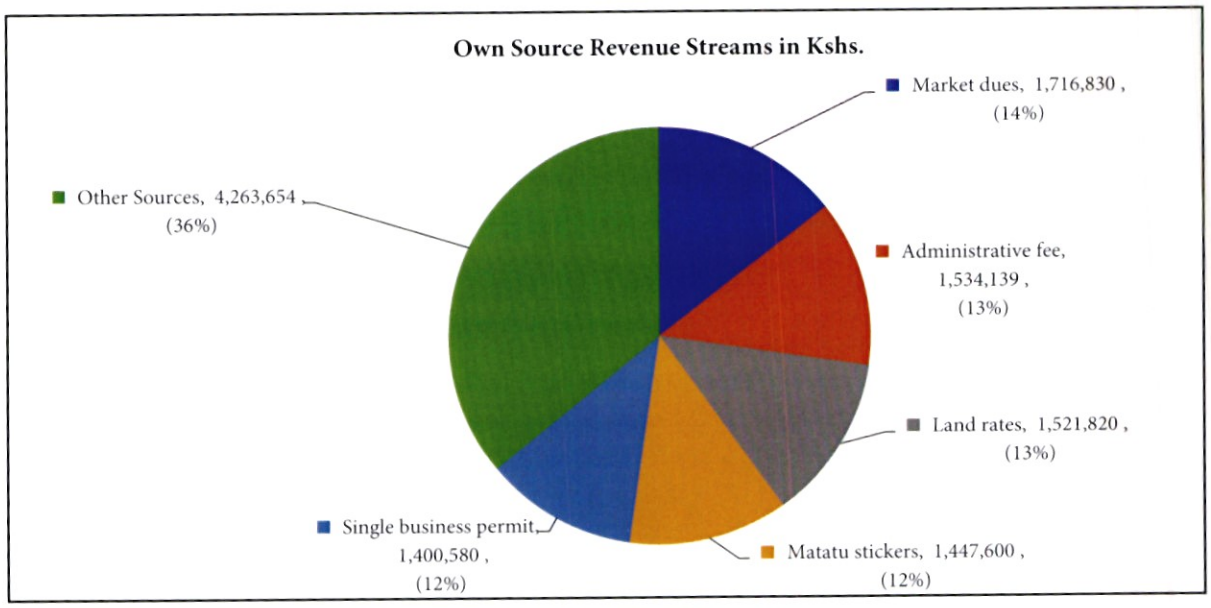
Figure 3-98: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Nyamira County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.10.88 million as own-source revenue. This amount represented a decrease of 69.2 per cent compared to Kshs.35.30 million realised in a similar period in FY 2021/22 and was 4.5 per cent of the annual target and 1.4 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-99.

Figure 3-99: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23 (Kshs)



Source: Nyamira County Treasury

The highest revenue stream was from Market Dues of Kshs.1.8 million, which contributed to 23 per cent of the OSR collected in the first quarter of FY 2022/23.

3.35.3 Exchequer Issues

The Controller of Budget approved Kshs.703.06 million as withdrawals from the CRF account during the reporting period. The amount comprised Kshs.131.56 million (18.7 per cent) for development programmes and Kshs.571.50 billion (81.3 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.526.30 million for compensation to employees, Kshs.45.20 million for Operations and Maintenance expenditure and Kshs.131.56 million for development expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.636.33 million.

3.35.4 County Expenditure Review

The County spent Kshs.1.05 billion on development and recurrent programmes during the reporting period. This expenditure represented 150.0 per cent of the total funds released by the CoB and comprised Kshs.178.54 million and Kshs.876.08 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 8.8 per cent while recurrent expenditure represented 19.5 per cent of the annual recurrent expenditure budget.

3.35.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County reported the stock of pending bills of Kshs.318.30 million which comprised Kshs.156.29 million for recurrent expenditure and Kshs.162.01 million for development activities. During the period under review, pending bills amounting to Kshs.143.17 million were settled, consisting of Kshs.73.23 million for recurrent expenditure and Kshs.69.94 million for development programmes. The outstanding pending bills as of 30th September 2022 was therefore Kshs.175.13 million.

3.35.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.768.66 million on employee compensation, Kshs.78.85 million on operations and maintenance, and Kshs.178.54 million on development activities. Similarly, the County Assembly spent Kshs.22.58 million on employee compensation and Kshs.5.50 million on operations and maintenance, as shown inTable 3-162.

Table 3-162: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**3,883,975,057**	**608,070,587**	**847,502,989**	**28,076,603**	**21.8**	**4.6**
Compensation to Employees	2,893,669,639	319,728,266	768,657,600	22,577,882	26.6	7.1
Operations and Maintenance	990,305,418	288,342,321	78,845,389	5,498,721	8.0	1.9
Development Expenditure	**1,812,874,643**	**225,000,000**	**178,544,819**	-	**9.8**	-
Total	**5,696,849,700**	**833,070,587**	**1,026,047,808**	**28,076,603**	**18.0**	**3.4**

Source: Nyamira County Treasury

3.35.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.791.23 million was 54.5 per cent of the realised revenue in the First Quarter of Kshs.1.45 billion and included Kshs.391.31 million attributable to the health sector, which

translated to 49.5 per cent of the total wage bill in the reporting period. The entire wage were processed through the (Integrated Personnel and Payroll Database (IPPD). The Government policy is that salaries should be processed through the IPPD system.

The County Assembly spent Kshs.0.92 million on committee sitting allowances for the 35 MCAs and the Speaker against the annual budget allocation of Kshs.11.33 million which was 4.1 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.8, 482 per MCA.

3.35.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.30 million to the Emergency Fund and Kshs.222.00 million to the other county-established funds in FY 2022/23, which constituted 3.9 per cent of the County's overall budget for the year.Table 3-163 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-163: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Education support - Bursary	122,000,000	-	-	Yes
2.	Emergency fund	30,000,000	-	-	Yes
3.	Car loan & Mortgage	-	-	-	Yes
County Assembly Established Funds					
4.	Car loan & mortgage	100,000,000	-	-	yes
	Total	**252,000,000**	-	-	

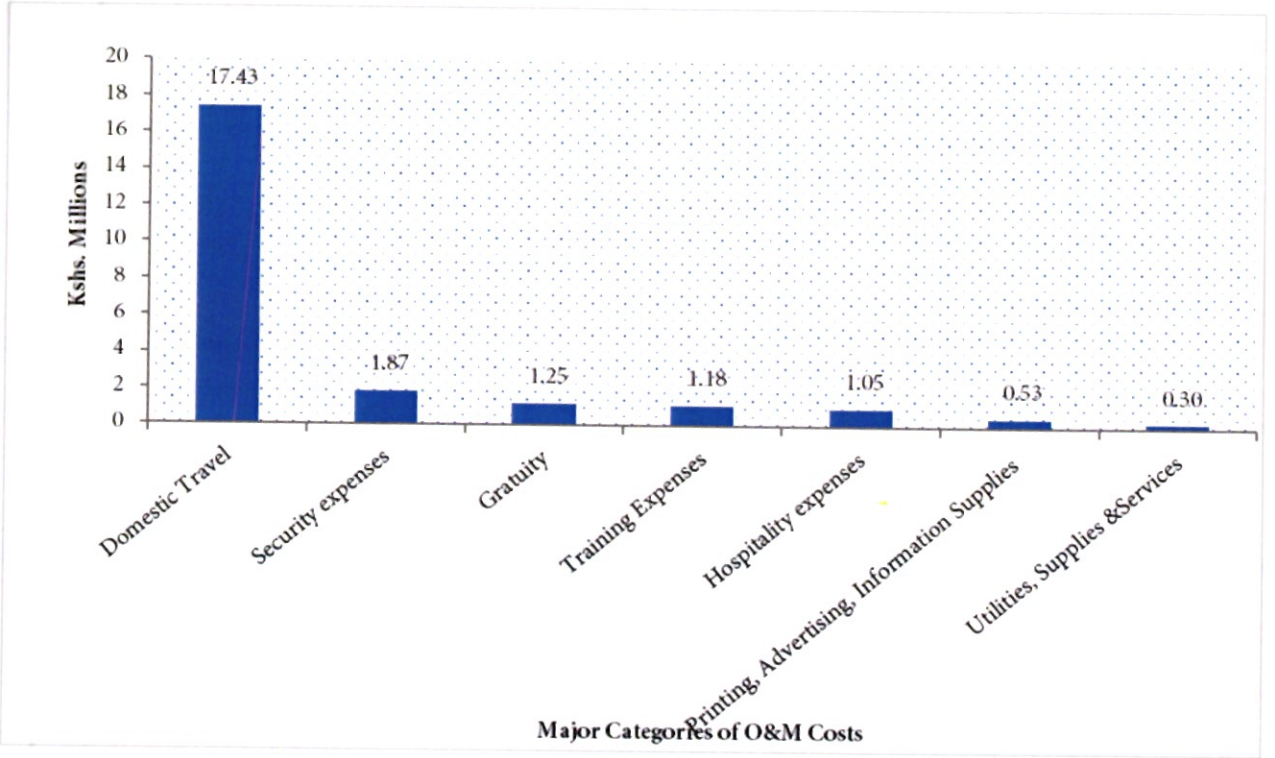
Source: *Nyamira County Treasury*

The OCoB received quarterly financial returns from Fund Administrators of all funds as indicated in Table 3-163, in line with the requirement of Section 168 of the PFM Act, 2012.

3.35.9 Expenditure on Operations and Maintenance

Figure 3-100 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-100: Nyamira County, Operations and Maintenance Expenditure by Major Categories



Source: Nyamira County Treasury

During the period, expenditure on domestic travel amounted to Kshs.17.43 million and comprised of Kshs.4.24 million spent by the County Assembly and Kshs.13.19 million by the County Executive.

3.35.10 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.178.54 million on development programmes, representing an increase compared to a similar period in FY 2021/22 when the County spent Kshs.28.37 million. The development expenditure was incurred on settlement of pending bills and payment of programmes under the National Rural Inclusive Growth Project.

3.35.11 Budget Performance by Department

Table 3-164 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-164: Nyamira County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	608.07	225.00	69.38	20.60	28.08	-	40.1	-	4.6	-
County Executive Office	469.16	-	25.83	-	47.90	-	185.4	-	10.2	-
Finance & Economic Planning	401.22	465.00	55.65	56.97	117.97	124.56	212.0	218.6	29.4	26.8
Agriculture, Livestock & Fisheries	155.54	329.56	23.19	53.98	34.79	53.98	150.0	100.0	22.4	16.4

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Environment, Energy, NR & Mining	81.48	237.88	11.13	-	17.16	-	156.0	-	21.0	-
Education & ICT	357.65	255.60	53.08	-	79.56	-	149.9	-	22.2	-
Health services	1,645.70	197.24	243.01	-	391.74	-	161.2	-	23.8	-
Lands, Housing & Urban Develop.	115.90	112.69	17.67	-	26.62	-	150.7	-	23.0	-
Roads, Transport & Works	101.89	108.51	15.80	-	24.28	-	153.7	-	23.8	-
Trade, Tourism, Industrialization	46.34	11.00	5.66	-	8.03	-	141.9	-	17.3	-
Youths, Sports, Gender, culture	64.62	33.00	8.24	-	12.18	-	147.8	-	18.8	-
County Public Service Board	66.11	-	6.84	-	10.37	-	151.6	-	15.7	-
Public Administration	360.72	47.00	36.03	-	77.06	-	213.9	-	21.4	-
Nyamira Municipality	17.65	15.40	-	-	0.34	-	-	-	1.9	-
	4,492.05	**2,037.87**	**571.50**	**131.56**	**876.08**	**178.54**	**153.3**	**135.7**	**19.5**	**8.8**

Source: *Nyamira County Treasury*

Analysis of expenditure by department shows that the Department of Finance & Economic Planning recorded the highest absorption rate of development budget at 26.8 per cent, followed by the Department of Agriculture, Livestock and Fisheries at 16.4 per cent while the rest of the Departments did not report expenditure on development budget.

The budgetary allocation for the County Assembly and the County Executive are within their ceiling has contained in CARA, 2022.

3.35.12 Budget Execution by Programmes and Sub-Programmes

Table 3-165 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-165: Nyamira County, Budget Execution by Programmes and Sub-Programmes

	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Department of the County Assembly					
Sub total		**833, 070, 587**	**28, 076, 603**	**804, 993, 984**	**3.4**
010100	Policy planning, general administration	333, 926, 193	13, 065, 832	320, 860, 361	3.9
070800	Committee management services	23, 959, 000	4, 241, 800	19, 717, 200	18.4
070900	Legislation and representation services	475, 185, 394	10, 768, 971	464, 416, 423	2.3
Department of County executive					
070100	General administration and support services	401, 490, 445	43, 784, 609	357, 705, 836	10.9
subtotal		**401, 490, 445**	**43, 784, 609**	**357, 705, 836**	**10.9**
070100	General administration and support services	20, 000, 000	0.00	20, 000, 000	0.0
070600	Governance and coordination services	47, 671, 880	4, 117, 700	43, 554, 180	8.6
subtotal		**67, 671,880**	**4, 117,700**	**63, 554,180**	**6.1**
Department of Finance and economic planning					
050400	ICT Services	13, 100, 000	160, 500	12, 939, 500	1.2

	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
070100	General administration and support services	343, 600, 913	112, 391, 012	231, 209, 901	32.7
070200	Budget formulation and management	360, 000, 000	116, 970, 681	243, 029, 319	32.5
070500	Resource mobilization	25, 285, 542	1, 108, 000	24, 177, 542	4.4
Sub total		**741, 986, 455**	**230, 630, 193**	**511, 356, 262**	**31.1**
070200	Budget formulation and management	114, 521, 474	4, 810, 400	109, 711, 074	4.2
Sub total		**114, 521, 474**	**4, 810, 400**	**109, 711, 074**	**4.2**
070400	County financial management & control	3, 323, 155	350, 000	2, 973, 155	1.1
Sub total		**3, 323, 155**	**350, 000**	**2, 973, 155**	**1.1**
010100	General administration and support services	3, 049, 570	50, 000	2, 999, 570	1.6
Sub total		**3, 049, 570**	**50, 000**	**2, 999, 570**	**1.6**
070400	County financial management & control	3, 335, 487	495, 600	2, 839, 887	1.4
Sub total		**3, 335,487**	**495,600**	**2, 839,887**	**1.4**
Department of Agriculture, livestock and fisheries development					
010100	Policy planning, general administration and support services	150, 211, 350	34, 792, 230	115, 419, 120	23.1
Sub total		**150, 211, 350**	**34, 792, 230**	**115, 419, 120**	23.1
010400	Livestock promotion and development	16, 297, 004	0.00	16, 297, 004	0.0
Sub total		**16, 297, 004**	**0.00**	**16, 297, 004**	**0.0**
010200	Crop, agribusiness & land management services	315, 585, 348	53, 980, 731	261, 604, 616	17.1
Sub total		**315, 585, 348**	**53, 980, 731**	**261, 604, 616**	**17.1**
010300	Fisheries development & promotion services	3, 001, 616	0.00	3, 001, 616	0.0
Sub total		**3, 001, 616**	**0.00**	**3, 001, 616**	**0.0**
Environment, water and natural resources					
100100	Policy planning, general administration and support services	76, 613, 542	16, 885, 616	59, 727, 926	22.2
Subtotal		**76, 613, 542**	**16, 885, 616**	**59, 727, 926**	**22.2**
100200	Other energy sources promotion	11, 715, 460	0.00	11, 715, 460	0.0
Sub total		**11, 715, 460**	**0.00**	**11, 715, 460**	**0.0**
100300	Water supply and management services	58, 515, 563	275, 000	58, 240, 563	0.5
Subtotal		**58, 515, 563**	**275, 000**	**58, 240, 563**	0.5
100400	Agroforestry promotion	172, 520, 089	0.00	172, 520, 089	0.0
Subtotal		**172, 520, 089**	**0.00**	**172, 520, 089**	**0.0**
Department of Education and vocational training					
050100	General administration, policy planning & support services	354, 455, 770	79, 168, 742	144, 488, 791	22.3
Sub total		**354, 455, 770**	**79, 168, 742**	**275, 287, 028**	**22.3**
050200	ECDE and CCC development services	237, 042, 471	144, 500	236, 897, 971	0.06
Subtotal		**237, 042, 471**	**144, 500**	**236, 897, 971**	**0.06**
050300	Vocational training and development services	21, 754, 281	249, 000	21, 505, 281	1.1
Subtotal		**21, 754, 281**	**249, 000**	**21, 505, 281**	**1.1**
Department of Health services					
040100	General administration, planning and support services	1,510,290,200	391, 672, 148	1, 118, 618, 052	25.9
Subtotal		**1,510,290,200**	**391, 672, 148**	**1, 118, 618, 052**	**25.9**
040200	Curative health services	332, 649, 821	69, 100	332, 580, 721	0.0
Subtotal		**332, 649, 821**	**69, 100**	**332, 580, 721**	**0.02**
Department of Lands, housing and urban development					

	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
010100	Policy planning, general administration and support services	110, 352, 145	26, 620, 935	83, 731, 210	24.1
Subtotal		**110, 352, 145**	**26, 620, 935**	**83, 731, 210**	**24.1**
010500	Physical planning and surveying services	47, 317, 822	0.00	47, 317, 822	0.0
Subtotal		**47, 317, 822**	**0.00**	**47, 317, 822**	**0.0**
010700	Management and development of towns	70, 922, 930	0.00	70, 922, 930	0.0
Subtotal		**70, 922, 930**	**0.00**	**70, 922, 930**	**0.0**
Department of roads, transport and public works					
020100	General administration and support services	83, 727, 665	24, 284, 503	59, 443, 162	29.0
Subtotal		**83, 727, 665**	**24, 284, 503**	**59, 443, 162**	**29.0**
020200	Roads development and management	125, 663, 783	0.00	125, 663, 783	0.0
Subtotal		**125, 663, 783**	**0.00**	**125, 663, 783**	**0.0**
020200	Roads development and management	1, 000, 000	0.00	1, 000, 000	0.0
Subtotal		**1, 000, 000**	**0.00**	**1 ,000, 000**	**0.0**
Department of trade, tourism, industrialization and co – operative development					
030100	Policy planning, general administration and support services	41, 166, 152	8, 025, 424	33, 140, 728	19.5
030300	Tourism development and promotion	1, 314, 420	0.00	1, 314, 420	0.0
	Subtotal	**42, 480, 572**	**8, 025, 424**	**34, 455, 148**	**19.1**
030200	Trade, cooperative, investment development promotion	14, 859, 378	0.00	14, 859, 378	0.0
Subtotal		**14, 859, 378**	**0.00**	**14, 859, 378**	**0.0**
Department of youths, sports, gender, culture social services					
070100	General administration and support services	55, 208, 149	12, 182, 659	43, 025, 490	22.1
	Subtotal	**55, 208, 149**	**12, 182, 659**	**43, 025, 490**	**22.1**
090200	Promotion and management of sports	28, 156, 275	0.00	28, 156, 275	0.0
Subtotal		**28, 156, 275**	**0.00**	**28, 156, 275**	**0.0**
090200	Promotion and management of sports	14, 251, 469	0.00	14, 251, 469	0.0
Subtotal		**14, 251, 469**	**0.00**	**14, 251, 469**	**0.0**
Department of County public service board					
070100	General administration and support services	3, 599, 850	106, 122	3, 493, 728	2.9
100100	Policy planning, general administration and support services	62, 513, 440	10, 261, 496	52, 251, 944	16.4
Subtotal		**66, 113, 290**	**10, 367, 618**	**55, 745, 672**	**15.7**
Department of public service management					
010100	Policy planning, general administration and support services	341, 060, 044	77, 060, 550	263, 999, 494	22.6
070100	General administration and support services	1, 086, 450	0.00	1, 086, 450	0.0
071000	Coordination, strategy and HR Services	65, 572, 764	0.00	65, 572, 764	0.0
	Subtotal	**407, 719, 258**	**77, 060, 550**	**330, 658, 708**	**18.9**
Department of Nyamira Municipality					
010100	Policy planning, general administration and support services	17, 645, 983	335, 422	17, 310, 561	1.9
020200	Roads development and management	15, 400, 000	0.00	15, 400, 000	0.0
Sub total		**33, 045, 983**	**335, 422**	**32, 710, 561**	**1.0**
Grand Total		**6,529,920,287**	**1,048,429,283**	**5,481,491,004**	**16.1**

Source: *Nyamira County Treasury*

Programmes with the highest levels of implementation based on absorption rates were: General administration and support services at 32.7 per cent, Budget formulation and management at 32.5 per cent both in the Department of Finance and economic planning, General administration and support services in the Department of Roads, transport and public works at 29.0 per cent, and General administration and support services in the Department of Health services at 25.9 per cent of budget allocation.

3.35.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 3rd November 2022.
2. The underperformance of own-source revenue at Kshs.11.88 million against an annual projection of Kshs.265.00 million, representing 4.5 per cent of the annual target.
3. Diversion of funds by the County Treasury, weak poor budgeting practice, and possible usage of revenue collection at source as shown in Table 5 where the County incurred expenditure over approved exchequer issues in a number of departments.
4. High level of pending bills which amounted to Kshs.175.13 million as of 30th September 2022. This is despite the availability of cash in the CRF which stood at Kshs.636.33 million at the end of the First Quarter of FY 2022/23.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*

3.36 County Government of Nyandarua

3.36.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.7.0 billion, comprising Kshs.2.14 billion (30.6 per cent) and Kshs.4.86 billion (69.4 per cent) allocation for development and recurrent programmes respectively. The approved budget estimate is a decline of 1.7 per cent compared to the previous financial year when the approved budget was Kshs.7.22 billion and comprised of Kshs.2.33 billion towards development expenditure and Kshs.4.89 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.67 billion (81.0 per cent) as the equitable share of revenue raised nationally and generate Kshs.660 million (9.4 per cent) from own source of revenue. The County also expects to receive Kshs.671.54 million (9.6 per cent) as conditional grants which consist of Kshs.90.8 million for Supplement for the Construction of County Headquarters, Kshs.110.63 million for Leasing of Medical Equipment, Kshs.289.61 million for World Bank Kenya Climate Smart Agriculture Project (KSCAP), Kshs.11 million for EU Grant – IDEAS, Kshs.10.27 million for DANIDA, Kshs.125 million for World Bank Financing Locally Led Climate Action, Kshs.8.73 million for Sweden - Agricultural Sector Development Support Programme and Kshs.25.50 million for World Bank - Kenya Informal Settlement Improvement Project.

3.36.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.935.63 million as the equitable share of the revenue raised nationally, raised Kshs.74.89 million as own-source revenue, other revenues of Kshs.453.64 million which was late disbursement of June 2022 allocation and Kshs.89.87 million cash balance from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.55 billion, as shown in Table 3-166.

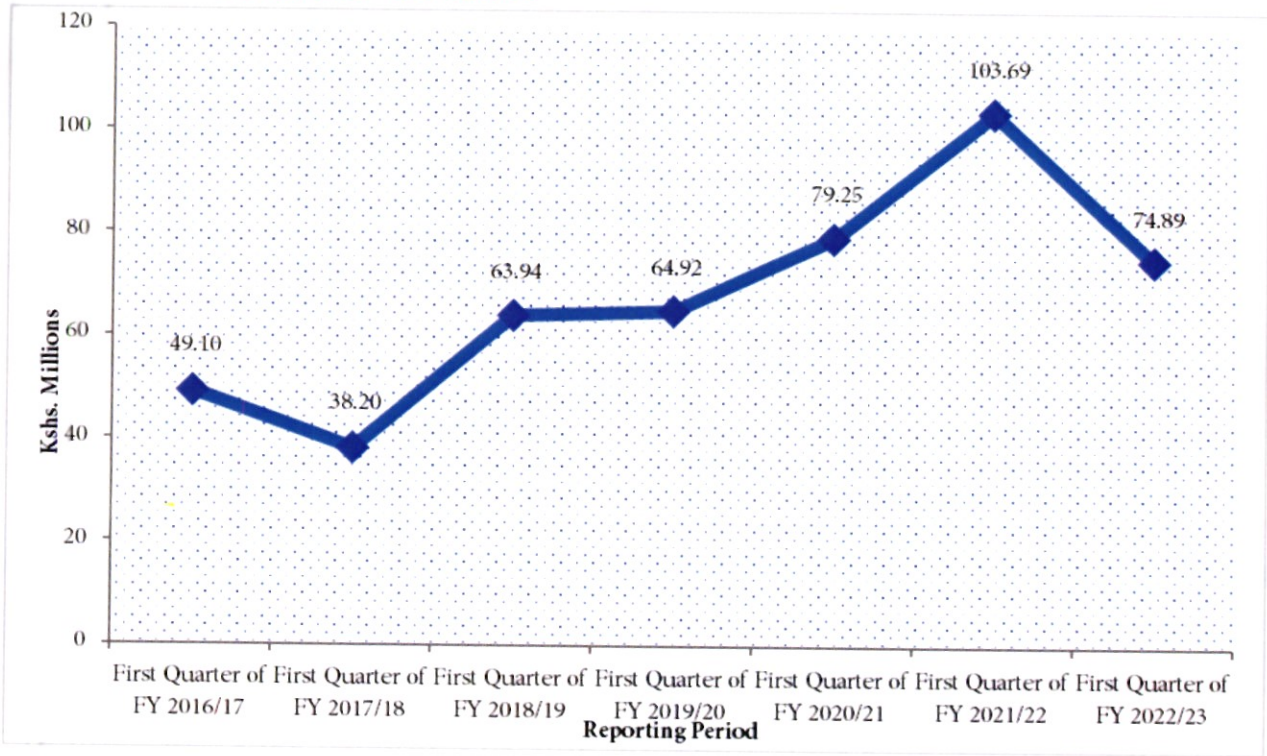
Table 3-166: Nyandarua County, Revenue Performance in the First Quarter of FY 2022/23

S/ No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**5,670,444,228**	**935,623,297**	**16.5**
Sub Total		**5,670,444,228**	**935,623,297**	**16.5**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	660,000,000	74,893,061	11.3
2.	Supplement for Construction of County Headquarters	90,800,000		
3.	Conditional Grant Leasing of Medical Equipment	110,638,298		
4.	World Bank Kenya Climate Smart Agriculture Project (KSCAP)	289,609,680		
5.	EU Grant - IDEAS	11,000,000		
6.	Conditional Grant Leasing of Medical Equipment	10,271,800		
7.	World Bank Financing Locally Led Climate Action	125,000,000		
8.	Sweden - Agricultural Sector Development Support Programme	8,725,383		
9.	World Bank - Kenya Informal Settlement Improvement Project	25,497,691		
10.	Unspent balance from FY 2021/22	-	89,870,560	
11.	Other Revenues	-	453,635,542	
Sub Total		**1,331,542,852**	**618,399,163**	**46.4**
Grand Tot		**7,001,987,080**	**1,554,022,460**	**22.2**

Source: Nyandarua County Treasury

The conditional grants were not released in the First Quarter of FY 2022/23.Figure 3-101 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

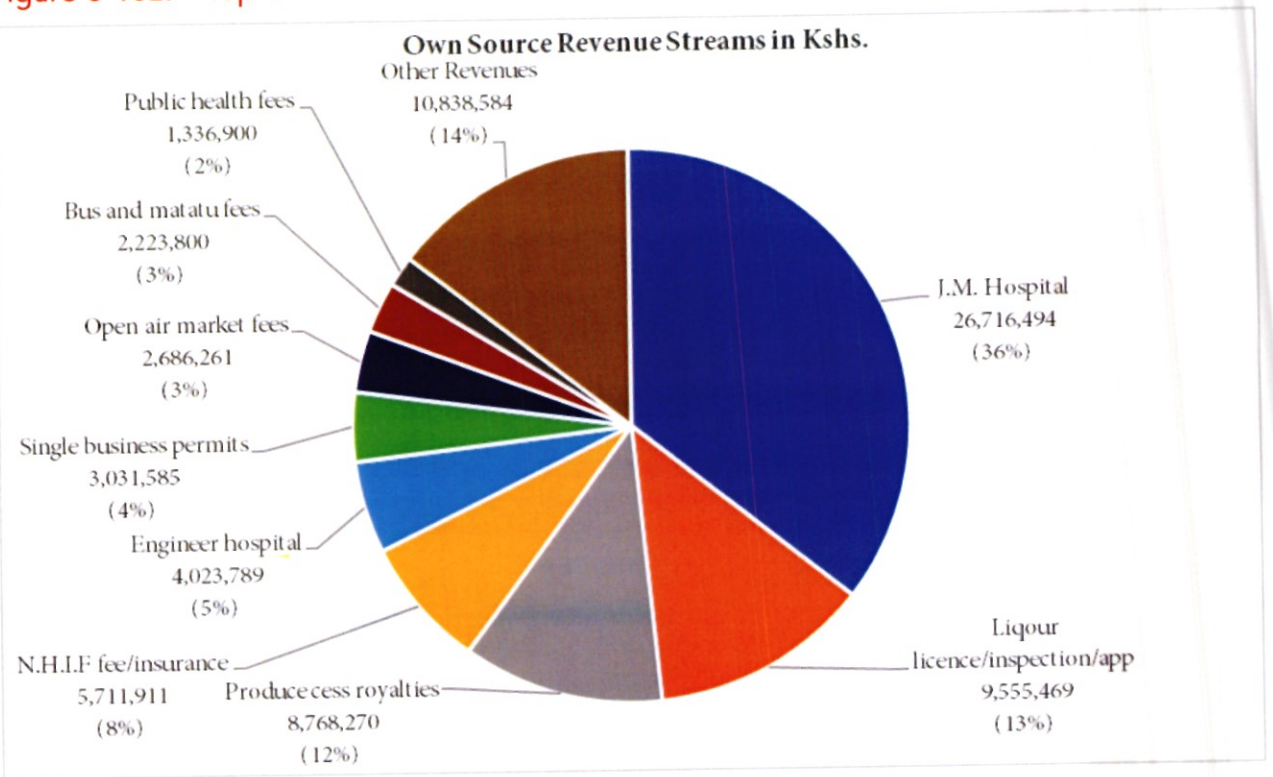
Figure 3-101: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Nyandarua County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.74.89 million as own-source revenue. This amount represented a decline of 27.8 per cent compared to Kshs.103.69 million realised in a similar period in FY 2021/22 and was 11.3 per cent of the annual target and 1.3 per cent of the received equitable share. Top streams of OSR is presented in Figure 3-102.

Figure 3-102: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Nyandarua County Treasury

The decrease in own source revenue can be attributed to the electioneering period where most of the revenue streams were not being collected. The highest revenue stream was from J.M Hospital of Kshs.26.7 million, which contributed to 36 per cent of the OSR collected in the first quarter of FY 2022/23.

3.36.3 Exchequer Issues

The Controller of Budget approved Kshs.937.69 million in withdrawals from the CRF account during the reporting period. The amount comprised Kshs.75.66 million (8.1 per cent) for development programmes and Kshs.862.02 million (91.9 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 covered Kshs.579.22 million for compensation to employees, Kshs.282.81 million for Operations and Maintenance expenditure and Kshs.75.66 million for development expenditure.

3.36.4 County Expenditure Review

The County spent Kshs.937.69 million on development and recurrent programmes during the reporting period. This expenditure represented 100 per cent of the total funds released by the CoB and comprised of Kshs.75.66 million and Kshs.862.02 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.5 per cent while recurrent expenditure represented 17.7 per cent of the annual recurrent expenditure budget.

3.36.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.1.32 billion which comprised of Kshs.476.66 million for recurrent expenditure and Kshs.847.08 million for development activities. During the period under review, pending bills amounting to Kshs.35.66 million were settled, consisting of Kshs.19.85 million for recurrent expenditure and Kshs.15.81 million for development programmes. The outstanding pending bills as of 30th September 2022 were therefore Kshs.1.29 billion.

3.36.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.533.01million on employee compensation, Kshs.237.37 million on operations and maintenance, and Kshs.75.66 million on development activities. Similarly, the County Assembly spent Kshs.46.21 million on employee compensation and Kshs.45.43 million on operations and maintenance, as shown inTable 3-167.

Table 3-167: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,208,969,343**	**649,522,973**	**770,383,339**	**91,640,962**	**18.3**	**14.1**
Compensation to Employees	1,733,699,317	412,300,683	533,011,633	46,207,278	30.7	11.2
Operations and Maintenance	2,475,270,026	237,222,290	237,371,706	45,433,684	9.6	19.2
Development Expenditure	**2,037,494,763**	**106,000,000**	**75,661,457**	-	**3.7**	**0.0**
Total	**6,246,464,107**	**755,522,973**	**846,044,796**	**91,640,962**	**13.5**	**12.1**

Source: Nyandarua County Treasury

3.36.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.579.22 million was 37.3 per cent of the First Quarter realised revenue of Kshs.1.55 billion.

Personnel emoluments amounting to Kshs.512.99 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.79.65 million. The manual payroll amounted to 13.4 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly spent Kshs.2.29 million on committee sitting allowances for the 41 MCAs and the Speaker against the annual budget allocation of Kshs.52.36 million which was 4.4 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.18,178 per MCA.

3.36.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.40 million to the Emergency Fund and Kshs.336.12 million to county-established funds in FY 2022/23, which constituted 5.4 per cent of the County's overall budget for the year. Table 3-168 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-168: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Bursary Fund	176,200,000	44,050,000	44,050,000	No
2.	Emergency Fund	40,000,000			No
3.	Trade development investment fund	15,000,000			No
4.	Mortgage Fund	70,000,000			Yes
County Assembly Established Funds					
1.	Car and Mortgage Fund	74,921,255			No
	Total	**376,121,255**	**44,050,000**	**44,050,000**	

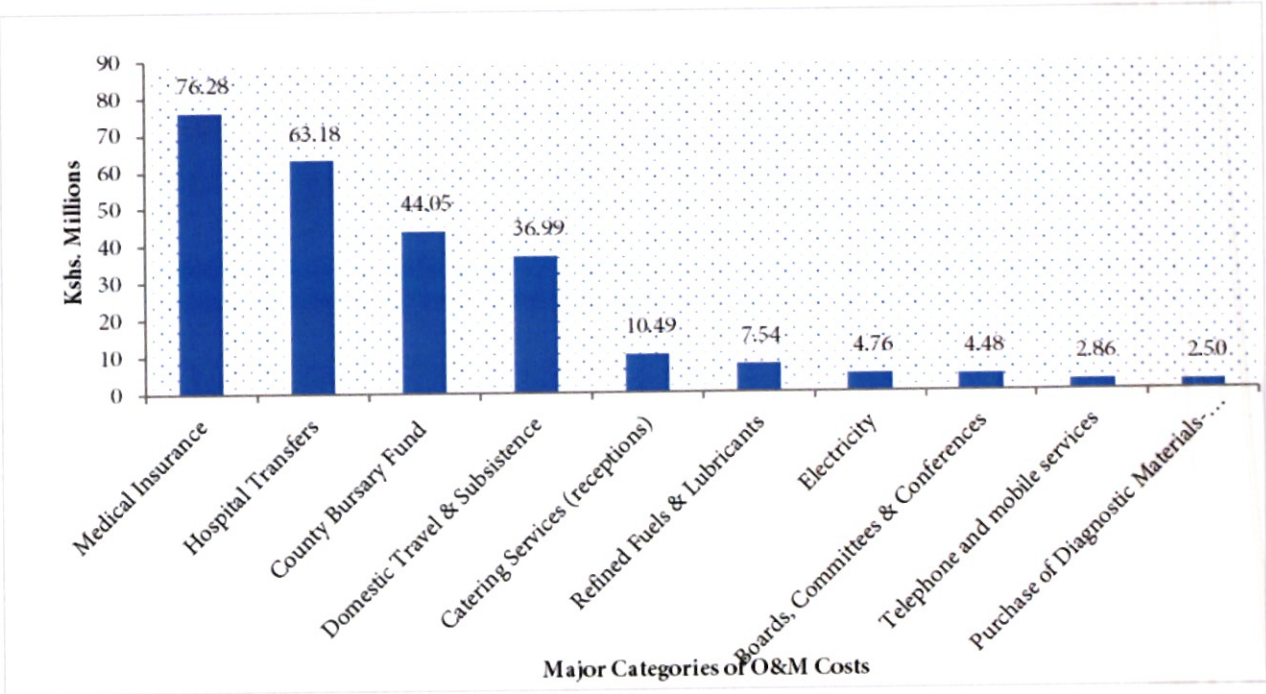
Source: *Nyandarua County Treasury*

The OCoB did not receive quarterly financial returns from Fund Administrators of funds as indicated inTable 3-168, this is against the requirement of Section 168 of the PFM Act, 2012.

3.36.9 Expenditure on Operations and Maintenance

Figure 3-103 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-103: Nyandarua County, Operations and Maintenance Expenditure by Major Categories



Source: *Nyandarua County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.36.99 million and comprised of Kshs.17.89 million spent by the County Assembly and Kshs.19.15 million by the County Executive. No expenditure on foreign travel.

3.36.10 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.75.66 million on development programmes, representing an increase of 100 per cent to a similar period in FY 2021/22 when the County did not incur any amount. Table 3-169 summarises development projects with the highest expenditure in the reporting period.

Table 3-169: Nyandarua County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Health and Sanitation	JM Hospital Complex-County Contribution	Nyandarua	150,000,000	150,000,000	54,450,730	36.3
2	Roads Sector	Upgrade of Kasuku Town		2,996,312	3,000,000	2,996,312	99.8
3	Roads Sector	Road maintenance using County's in-house Road Machinery & Equipment	Various roads	N/A	22,0000,000	15,000,000	68.2
4	Agriculture Sector	Completion of pack house-	Kinangop	Not provided	3,417,983	3,214,415	94.4

Source: *Nyandarua County Treasury*

3.36.11 Budget Performance by Department

Table 3-170 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-170: Nyandarua County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of The Governor	104.23	-	9.76	-	9.76	-	100	-	9.36	-
Office of The County Secretary	2,420.47	-	615.08	-	615.08	-	100	-	25.4	-
County Attorney	43.8	-	0.16	-	0.16	-	100	-	0.37	-
Public Administration & ICT	49.95	5	2.2	-	2.2	-	100	-	4.40	-
County Public Service Board	25	-	3	-	3	-	100	-	12.00	-
Finance & Economic Development	430.79	23.22	52.37	-	52.37	-	100	-	12.16	-
Health Services	470.38	255.78	68.51	54.45	68.51	54.45	100	100	14.56	21.3
Education, Culture And The Arts	77.04	130.32	0.5	-	0.5	-	100	-	0.65	-
Industrialization, Trade And Co-Operatives & Urban Development	45.07	150.24	2.5	3	2.5	3	100	100	5.55	2.00
Youth, Sports, Gender Affairs And Social Services	106.6	68.3	0.4	-	0.4	-	100	-	0.38	-
Water, Environment, Tourism And Natural Resources	51.7	327.95	4.22	-	4.22	-	100	-	8.16	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands, Housing And Physical Planning	42.39	68.35	3.31	-	3.31	-	100	-	7.81	-
Transport, Energy And Public Works	101.26	613	5.48	15	5.48	15	100	100	5.41	2.4
County Assembly	724.44	106	91.64	-	91.64	-	100	-	12.65	-
Total	**4,858.49**	**2,143.49**	**862.02**	**75.66**	**862.02**	**75.66**	**100**	**100**	**17.74**	**3.5**

Source: *Nyandarua County Treasury*

Analysis of expenditure by department shows that the Department of Health Services recorded the highest absorption rate of development budget at 21.3 per cent, followed by the Department of Transport, Energy and Public work at 2.4 per cent. The Department of Office of the County Secretary had the highest percentage of recurrent expenditure to budget at 25.4 per cent while the Department of County Attorney had the lowest at 0.37 per cent.

3.36.12 Budget Execution by Programmes and Sub-Programmes

Table 3-171 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-171: Nyandarua County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Governance	Service Delivery Unit	18,000,000	480,000	17,520,000	2.7
	Governor's Office & Investment Promotion	54,000,000	8,309,337	45,690,663	15.4
	Liaison and Intergovernmental Relations	20,000,000	520,000	19,480,000	2.6
	Civic Education and Public Participation	12,229,680	446,270	11,783,410	3.6
Sub Total		**104,229,680**	**9,755,607**	**94,474,073**	9.4
County Secretary	County Secretary-Administration	77,000,000	6,607,064	70,392,936	8.6
	Cabinet Affairs	1,970,000	-	1,970,000	0.0
Human Resource Management	Payroll (Including Compensation to employees)	2,147,500,000	533,345,283	1,614,154,717	24.8
	Human Resource Management (Including employee gratuity, pension and medical insurance)	194,000,000	75,125,950	118,874,050	38.7
Sub Total		**2,420,470,000**	**615,078,297**	**1,805,391,703**	25.4
County Attorney Services	legal and public affairs	43,796,494	159,000	43,637,494	0.4
Sub Total		**43,796,494**	**159,000**	**43,637,494**	0.4
Public administration	Public Administration	8,255,000	261,760	7,993,240	3.2
	sub-county and ward administration	19,745,000	1,611,565	18,133,435	8.2
	Communication and Public Relations	4,500,000	-	4,500,000	0.0
	Enforcement and Compliance	9,750,000	170,000	9,580,000	1.7
ICT and E-government Services	ICT and E-government Services	12,700,000	160,000	12,540,000	1.3
Sub Total		**54,950,000**	**2,203,325**	**52,746,675**	4.0

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Ex-penditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
County Public Service Board	County Public Service Board	25,000,000	2,999,853	22,000,147	12.0
Sub Total		**25,000,000**	**2,999,853**	**22,000,147**	12.0
Public Finance Management	County Funds	301,200,000	44,050,000	257,150,000	14.6
	treasury services	14,689,315	1,978,778	12,710,537	13.5
	Nyandarua County Trade Development and Investment Authority (NCTDIA)	5,000,000	-	5,000,000	0.0
	Financial reporting	6,850,000	1,265,433	5,584,567	18.5
	Revenue Collection and Administration (Including automation)	21,460,000	1,718,690	19,741,310	8.0
	Revenue Enhancement and Monitoring	16,540,000	1,414,221	15,125,779	8.6
	Supply Chain Management	10,104,812	1,260,770	8,844,042	12.5
	Internal Audit and Risk Management	9,000,000	436,280	8,563,720	4.8
	Internal Audit committee	3,000,000	250,000	2,750,000	8.3
Economic planning and development	County Budgeting	12,205,000	-	12,205,000	0.0
	County Statistics and Data Bank	8,743,300	-	8,743,300	0.0
	Monitoring and Evaluation	15,670,188	-	15,670,188	0.0
	Economic Modelling and Research	3,451,700	-	3,451,700	0.0
	Economic Development Planning	26,100,000	-	26,100,000	0.0
Sub Total		**454,014,315**	**52,374,172**	**401,640,143**	11.5
Preventive and Promotive Services	Preventive and Promotive Services	9,250,000	172,400	9,077,600	1.9
Curative Services	Curative Services	250,452,000	53,791,757	196,660,243	21.5
	universal health care and grants	191,381,098	12,668,506	178,712,592	6.6
General administration, planning and support services	Solid Waste and Cemeteries	11,200,000	1,875,000	9,325,000	16.7
	Infrastructure and Equipment	263,876,775	54,450,730	209,426,045	20.6
Sub total		**726,159,873**	**122,958,393**	**603,201,480**	16.9
Primary education	ECDE	80,945,473	150,000	80,795,473	0.2
Youth training and development	Revitalization of youth polytechnics	47,126,000	150,000	46,976,000	0.3
Culture	development and promotion of culture	7,500,000		7,500,000	0.0
Arts & Theater	Arts & Theatres	71,782,467	200,000	71,582,467	0.3
Sub Total		**207,353,940**	**500,000**	**206,853,940**	0.2
Trade development and promotion	Financial and Trade Services	21,800,000	764,000	21,036,000	3.5
Industrial development and investment	Industrial and Enterprise Development	118,597,585	615,000	117,982,585	0.5
	Weights & Measures	1,500,000	110,000	1,390,000	7.3
Cooperative development and management	Cooperative advisory services	3,140,000	310,000	2,830,000	9.9
	cooperative audit extension services	18,060,000	331,840	17,728,160	1.8
Urban development	Urban development	32,211,090	3,366,312	28,844,778	10.5
Ol'kalou municipality	Ol'kalou municipality	55,752,691	2,192,988	53,559,703	3.9
Sub Total		**251,061,366**	**7,690,140**	**243,371,226**	3.1
Sports	Sports Development	76,500,000	150,000	76,350,000	0.2

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Youth Affairs	Youth Affairs	32,000,000	-	32,000,000	0.0
Gender Affairs and Social Services & youth empowerment	Social Services	44,900,000	-	44,900,000	0.0
	Gender Affairs and Social Services	15,498,020	-	15,498,020	0.0
General administration, planning and support sevices	Alcohol Drinks Control and Civic Education	6,000,000	250,000	5,750,000	4.2
Sub Total		**174,898,020**	**400,000**	**174,498,020**	0.2
Water Resource Development.	water resource conservation and protection, infrastructure and flood control	180,850,000	2,715,400	178,134,600	1.5
Environment	environmental support and management	10,000,000	340,000	9,660,000	3.4
	climate change resilience	130,000,000	235,000	129,765,000	0.2
	natural resource	3,100,000	30,000	3,070,000	1.0
Tourism development and promotion	tourism infrastructure development	8,000,000	600,000	7,400,000	7.5
Irrigation and Drainage infrastructure	promotion of irrigation and drainage development and management	47,699,882	300,000	47,399,882	0.6
Sub Total		**379,649,882**	**4,220,400**	**375,429,482**	1.1
Road transport	Transport (Including fuel level, General Administration & Support Services)	418,760,000	15,300,000	403,460,000	3.7
	Public Works	235,952,261	486,400	235,465,861	0.2
Alternative energy technologies	alternative energy technologies	50,690,000	4,696,784	45,993,216	9.3
General administration, planning and support services	Emergency Response & Preparedness	8,862,200	-	8,862,200	0.0
Sub Total		**714,264,461**	**20,483,184**	**693,781,277**	2.9
Land policy and planning	Physical Planning	11,600,000	530,000	11,070,000	4.6
	Survey and Mapping	11,050,000	1,210,820	9,839,180	11.0
	Land Administration and Management	53,400,000	1,501,190	51,898,810	2.8
Housing	Housing	34,684,731	70,000	34,614,731	0.2
Sub Total		**110,734,731**	**3,312,010**	**107,422,721**	3.0
Crop development and management	land and crop development	404,464,804	-	404,464,804	0.0
	Seed Potato Production Unit (SPPU Lab)	7,417,983	3,214,415	4,203,568	43.3
Livestock resources management and development	livestock production and management	25,975,000	-	25,975,000	0.0
	Veterinary Services	24,695,000	-	24,695,000	0.0
Fisheries Development and management	fisheries policy, strategy and capacity building	5,700,000	-	5,700,000	0.0
General administration, planning and support sevices	Institution Support (ATCs)	9,450,000	600,000	8,850,000	6.3
	Agriculture Mechanization Services	5,550,000	96,000	5,454,000	1.7
	General administration and Extension Services	10,362,303	-	10,362,303	0.0
	Subsidized Artificial Insemination	11,345,000	-	11,345,000	0.0
Sub Total		**504,960,090**	**3,910,415**	**501,049,675**	0.8
County Assembly	legislative, oversight and representation	830,444,228		830,444,228	0.0

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Sub Total		830,444,228	91,640,961.91	830,444,228	0.0
Grand Total		7,001,987,080	937,685,758	6,064,301,322	12.1

Source: Nyandarua County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Seed Potato production unit (SPPY Lab) in the Department of Crop Development and Management at 43.3 per cent, Human Resource Management in the Department of Human Resource Management at 38.7 per cent, Payroll in the Department of Human Resource Management at 24.8 per cent, and Curatives Services at 21.5 per cent of budget allocation.

3.36.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 03rd November 2022.
2. The underperformance of own-source revenue at Kshs.74.89 million against an annual projection of Kshs.660 million, representing 11.3 per cent of the annual target.
3. Diversion of funds by the County Treasury and weak budgeting practice as shown in Table 3-170, where the County incurred expenditure over approved exchequer issues in a number of departments.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012.
5. High level of pending bills which amounted to Kshs.1.29 billion as of 30th September 2022.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*

3.37 County Government of Nyeri

3.37.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.7.59 billion, comprising Kshs.2.33 billion (30.8 per cent) and Kshs.5.26 billion (69.2 per cent) allocation for development and recurrent programmes respectively. The approved budget estimate is a decline of 7.3 per cent compared to the previous financial year when the approved budget was Kshs.8.19 billion and comprised of Kshs.2.5 billion towards development expenditure and Kshs.5.69 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.23 billion (78.8 per cent) as the equitable share of revenue raised nationally, generate Kshs.700 million (8.9 per cent) from own source of revenue, and a cash balance of Kshs.318.54 million (4 per cent) from FY 2021/22. The County also expects to receive Kshs.660.08 million (8.3 per cent) as conditional grants, which consist of Kenya Climate Smart Agriculture Project at Kshs.352.82 million, Kenya Informal Settlement Programme at Kshs.102.14 million, Climate Change Grant at Kshs.136.5 million, DANIDA at Kshs.11.41 million, Universal Health Care at Kshs.48.74 million, and Kshs.8.47 million for Agricultural Sector Development Support Programme. The cash balance from the previous financial year comprises of Kenya Climate Smart Agriculture Project at Kshs.58.44 million, Kenya Devolution Support Programme at Kshs.157.72 million, Health Sector Special Purpose at Kshs.45.71 million, Road Maintenance Levy Fund at Kshs.22.72 million, Nyeri Urban Development Grant at Kshs.2.74 million, Nyeri Urban Institutional Grant at Kshs.5.81 million, Universal Health Care at Kshs.4.17 million and County Revenue Fund account at Kshs.21.22 million.

3.37.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.53 billion as the equitable share of the revenue raised nationally, raised Kshs.183.76 million as own-source revenue and had a cash balance of Kshs.318.54 million from FY 2021/22. The County did not receive any conditional grants during the reporting period. The total funds available for budget implementation during the period amounted to Kshs.2.03 billion, as shown in Table 3-172.

Table 3-172: Nyeri County, Revenue Performance in the First Quarter of FY 2022/23

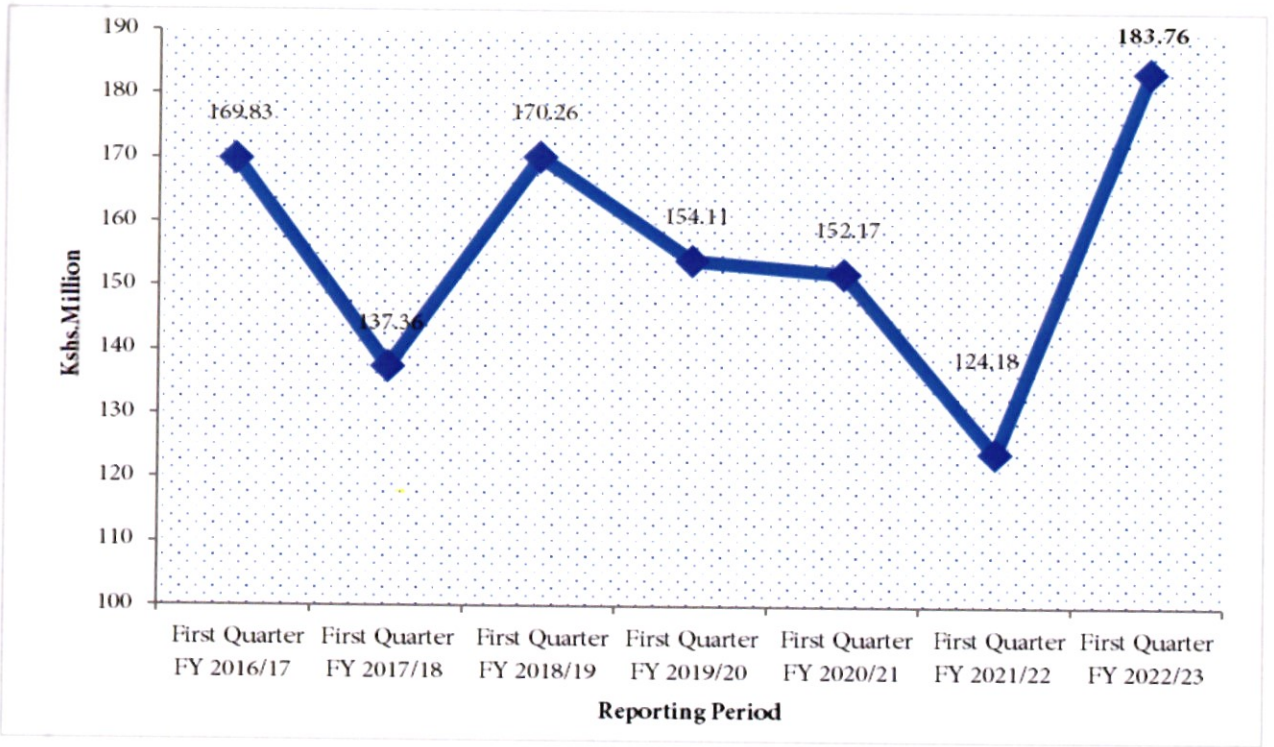
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**6,228,728,555**	**1,526,038,498**	**24.5**
Sub Total		**6,228,728,555**	**1,526,038,498**	**24.5**
B	**Other Sources of Revenue**			-
1	Own Source Revenue	700,000,000	183,760,356	**26.3**
2	Kenya Informal Settlement Programme	102,139,147	-	-
3	DANIDA	11,405,700	-	-
4	Transforming Health Systems for Universal Health Care (THS -UCP)	48,739,220	-	-
5	Kenya Climate Smart Agriculture Project (KCSAP)- Grants	352,822,250	-	-
6	Agriculture Sector Development Support Programme (ASDSP)	8,473,681	-	-
7	Climate Change Grant	136,500,000	-	-
8	Balance b/f from FY 2021/22	-	318,538,748	-
Sub Total		**1,360,079,998**	**502,299,104**	**36.9**
Grand Total		**7,588,808,553**	**2,028,337,602**	**26.7**

Source: Nyeri County Treasury

The County did not receive any conditional grants in the First Quarter of FY 2022/23.

Figure 3-104 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

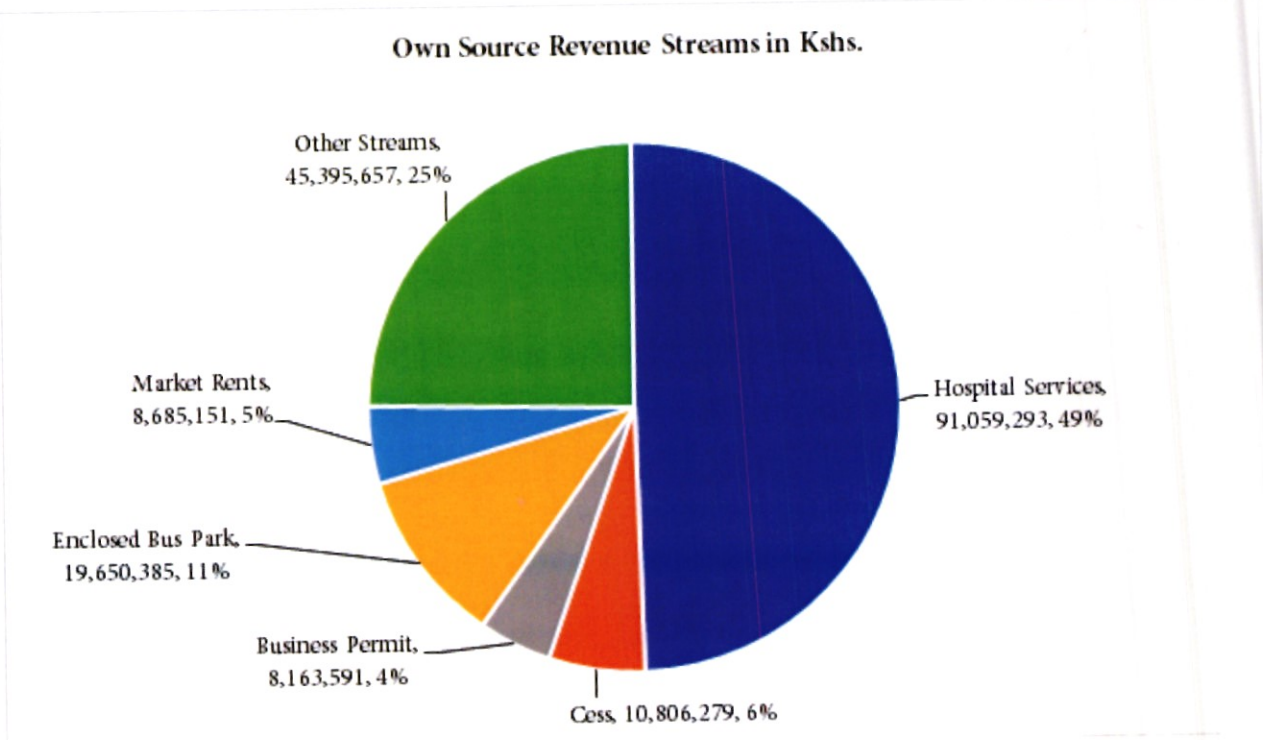
Figure 3-104: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Nyeri County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.183.76 million as own-source revenue. This amount represented an increase of 47.9 per cent compared to Kshs.124.18 million realised in a similar period in FY 2021/22 and was 26.3 per cent of the annual target and 12 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-105.

Figure 3-105: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23 (Kshs)



Source: Nyeri County Treasury

The highest revenue stream was from Hospital Services of Kshs.91.1 million, which contributed to 49per cent of the OSR collected in the first quarter of FY 2022/23.

3.37.3 Exchequer Issues

The Controller of Budget approved Kshs.914.65 million withdrawals from the CRF account during the reporting period. The entire amount was for recurrent activities. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.892.42 million for compensation to employees and Kshs.22.23 million for Operations and Maintenance expenditures.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.472.95 million.

3.37.4 County Expenditure Review

The County spent Kshs.973.27 million on development and recurrent programmes during the reporting period. This expenditure represented 106.4 per cent of the total funds released by the CoB and comprised Kshs.4.81 million and Kshs.968.47 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.2 per cent while recurrent expenditure represented 18.4 per cent of the annual recurrent expenditure budget.

3.37.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County reported the stock of pending bills of Kshs.449.17 million which comprised Kshs.127.24 million for recurrent expenditure and Kshs.321.93 million for development activities. During the period under review, the county did not pay any pending bills and therefore the outstanding pending bills as of 30th September 2022 were Kshs.449.17 million.

3.37.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.885.29 million on employee compensation, Kshs.35.45 million on operations and maintenance, and Kshs.4.81 million on development activities. Similarly, the County Assembly spent Kshs.7.13 million on employee compensation and Kshs.40.59 million on operations and maintenance as shown in Table 3-173.

Table 3-173: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,492,407,813**	**762,693,761**	**920,739,163**	**47,727,252**	**20.5**	**6.3**
Compensation to Employees	3,640,944,891	251,709,611	885,287,444	7,131,951	24.3	2.8
Operations and Maintenance	851,462,922	510,984,150	35,451,719	40,595,301	4.2	7.9
Development Expenditure	**2,283,706,979**	**50,000,000**	**4,807,110**	-	**0.2**	-
Total	**6,776,114,792**	**812,693,761**	**925,546,273**	**47,727,252**	**13.7**	**5.9**

Source: Nyeri County Treasury

3.37.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.892.42 million was 44 per cent of the realised revenue of Kshs.2.03 billion and included Kshs.533.75 million attributable to the health sector, which translated to 59.8 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.829.73 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.62.69 million. The manual payroll amounted to 7 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly spent Kshs.3.94 million on committee sitting allowances for the 42 MCAs and the Speaker against the annual budget allocation of Kshs.50.67 million which was 7.8 per cent of the allocation. The average monthly sitting allowance was Kshs.31,250 per MCA. The County Assembly has established 22 Committees and during the period, no bill or policy document was processed.

3.37.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.521 million to county-established funds in FY 2022/23, which constituted 6.9 per cent of the County's overall budget for the year. Table 3-174 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-174: Performance of County Established Funds as of 30th September 2022

S/ No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
2.	Nyeri County Executive Car & Mortgage	100,000,000	-	-	No.
3.	Nyeri County Elimu Fund	-	-	-	No.
4.	Nyeri County Enterprise Fund	10,000,000	-	-	No.
5.	Nyeri County Health Fund	300,000,000	-	106,816,409	Yes
County Assembly Established Funds					
6.	Nyeri County Assembly Car Loan & Mortage (Members	96,000,000	-	-	No.
7.	Nyeri County Assembly Car Loan & Mortgage (Staff)	15,000,000	-	-	No.
	Total	**521,000,000**	**0**	**106,816,409**	

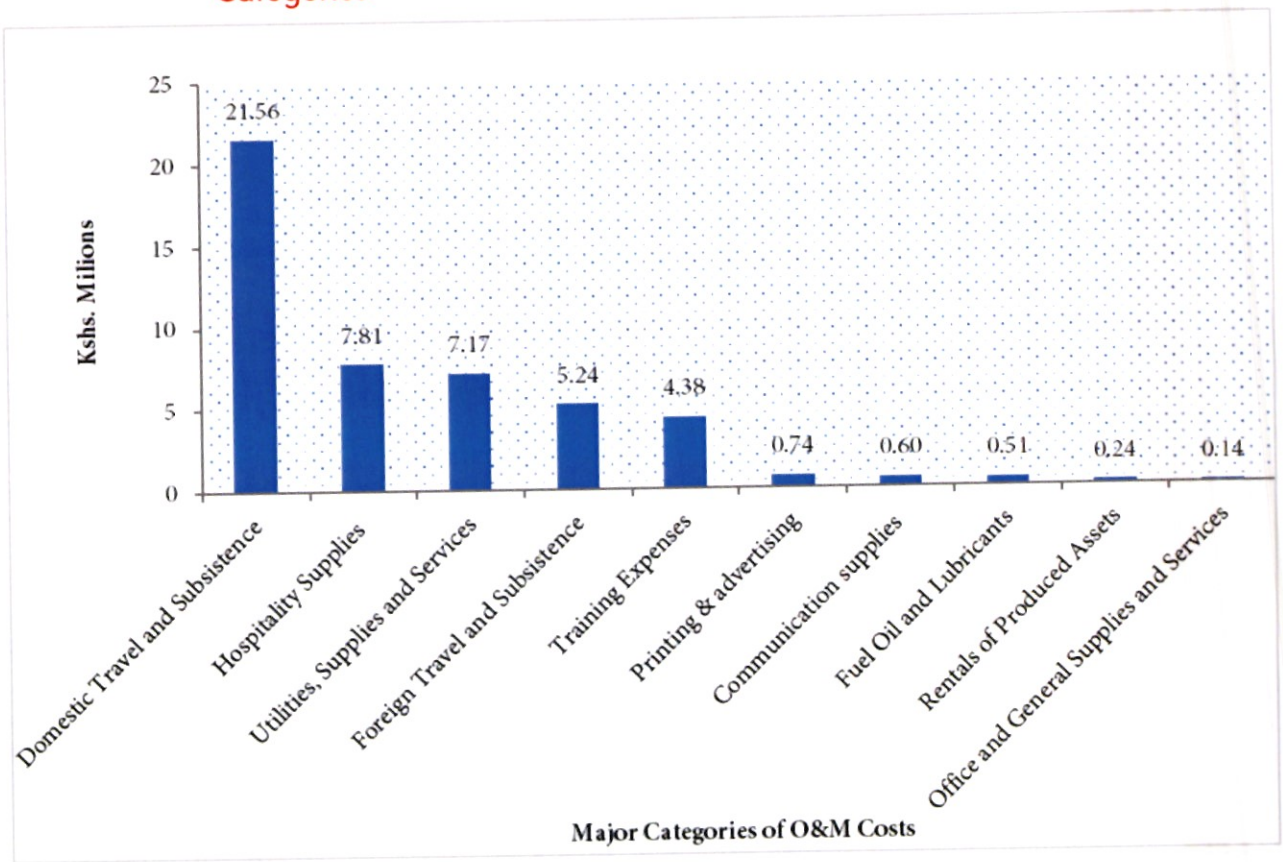
Source: *Staff County Treasury*

The OCoB did not receive quarterly financial returns from Fund Administrators of 5 funds as indicated in Table 3-174, which is against the requirement of Section 168 of the PFM Act, 2012.

3.37.9 Expenditure on Operations and Maintenance

Figure 3-106 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-106: Nyeri County, Operations and Maintenance Expenditure by Major Categories



Source: *Nyeri County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.21.56 million and comprised of Kshs.14.13 million spent by the County Assembly and Kshs.7.43 million by the County Executive. Expenditure on foreign travel amounted to Kshs.5.24 million and comprised of Kshs.4.96 million by the County Assembly and Kshs.275,000 by the County Executive.

3.37.10 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.4.81 million on development programmes, representing an increase of 58.2 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.3.04 million. Table 3-175 summarises development projects with the highest expenditure in the reporting period.

Table 3-175: Nyeri County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)	Remarks
1	Agriculture	Coffee rehabilitation programme under KCSAP	Countywide	19,616,630	19,616,630	3,500,000	17.8	Project is on-going.
2	Health	Refurbishment of various health facilities	Countywide	48,739,220	48,739,220	1,307,110	2.7	Project is ongoing

Source: *Nyeri County Treasury*

The County utilized the unspent balances from the previous financial year in the Special Purpose Accounts (SPAs) to fund the above projects

3.37.11 Budget Performance by Department

Table 3-176 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-176: Nyeri County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (KshsMillion)		Exchequer Issues by Q1 of FY 2022/23 (Kshs. Million)		Expenditure by Q1 of FY 2022/23 (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor & Deputy Governor	112.08	20.00	22.79	-	22.12	-	97.1	-	19.7	-
Office of the County Secretary	263.69	33.75	22.80	-	17.37	-	76.2	-	6.6	-
Finance and Economic Planning	837.12	44.27	106.70	-	111.66	-	104.6	-	13.3	-
Lands, Physical Planning, Housing and Urbanization	49.38	212.14	6.22	-	6.13	-	98.7	-	12.4	-
Health, Public Health and sanitation	2,250.64	322.89	535.26	-	535.83	1.31	100.1	-	23.8	0.4
Gender and Social Services	58.16	54.50	10.82	-	10.17	-	94.0	-	17.5	-
County Public Service, Administration & Youth Affairs	109.39	57.75	21.71	-	22.45	-	103.4	-	20.5	-

Department	Budget Allocation (KshsMillion)		Exchequer Issues by Q1 of FY 2022/23 (Kshs. Million)		Expenditure by Q1 of FY 2022/23 (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Fisheries	244.44	426.38	56.57	-	56.01	3.50	99.0	-	22.9	0.8
Trade, Culture, Tourism & Cooperative Development	50.25	81.00	9.73	-	8.68	-	89.1	-	17.3	-
Education, Science and Technology	263.39	58.50	59.02	-	57.61	-	97.6	-	21.9	-
Water, Environment & Natural resources	75.72	276.57	12.06	-	12.13	-	100.6	-	16.0	-
County Assembly	762.69	50.00	22.88	-	80.81	-	353.3	-	10.6	-
County Public Service Board	38.05	8.00	9.07	-	7.97	-	87.8	-	20.9	-
Transport, Public Works & Infrastructure	99.35	687.95	19.02	-	19.53	-	102.7	-	19.7	-
Office of the County Attorney	40.73	-	-	-	-	-	-	-	-	-
Total	**5,255.10**	**2,333.71**	**914.65**	-	**968.47**	**4.81**	**105.9**	-	**18.4**	**0.2**

Source: *Nyeri County Treasury*

Analysis of expenditure by department shows that the Department of Agriculture recorded the highest absorption rate of development budget at 0.8 per cent, followed by the Department of Health at 0.4 per cent. The other departments did not report any expenditure on development activities. The Department of Health had the highest percentage of recurrent expenditure to budget at 23.8 per cent while the Office of the County Attorney reported nil recurrent expenditure.

3.37.12 Budget Execution by Programmes and Sub-Programmes

Table 3-177 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-177: Nyeri County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Agriculture, Livestock & Fisheries					
Agricultural Management	Administration and planning services	626,625,241	59,302,144	567,323,097	9.5
Livestock Production Management	Provision of Extension Services to Livestock farmers	13,689,500	52,375	13,637,125	0.4
Crop Management	Administrative Support Services	2,759,500	12,845	2,746,655	0.5
Fisheries development	Administrative Support Services	3,809,500	11,200	3,798,300	0.3
Veterinary services	Administrative Support Services	12,409,663	133,114	12,276,549	1.1

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Wambugu ATC	Farm Development	8,521,282	-	8,521,282	-
AMS Naromoru	Development Of Agricultural Land For Crop Production	3,010,500	-	3,010,500	-
		670,825,186	59,511,678	611,313,508	8.9
Lands, Physical Planning, Housing & Urban Development					
Physical planning services	Administration and personnel services	255,578,787	6,132,972	249,445,815	2.4
Land Policy and Planning	Land Policy Formulation	4,445,000	-	4,445,000	-
Housing Development and Human Settlement	Government Building	1,495,000	-	1,495,000	-
		261,518,787	6,132,972	255,385,815	2.4
Transport, Public Works, Infrastructure & Energy					
General administration and policy Development and implementation	Administration, planning and support services	75,875,451	14,396,046	61,479,405	19.0
Roads development, maintenance and management	County access and feeder roads improvement	502,525,159	-	502,525,159	-
Energy Sector development	Street lighting programme	208,905,511	5,131,000	203,774,511	2.5
		787,306,121	19,527,046	767,779,075	2.5
Trade, Culture, Tourism & Cooperative Development					
Trade and Cooperative Development	Trade Promotion	103,025,025	8,763,094	94,261,931	8.5
Tourism Development	Promotion of Tourism	15,060,000	-	15,060,000	-
Co-operatives	Co-operative Development	13,160,000	- 87,000	13,247,000	- 0.7
		131,245,025	8,676,094	122,568,931	6.6
Health Services					
Administration, Planning and General Support Services	Administration, Planning and General Support Services	2,549,432,473	537,138,223	2,012,294,250	21.1
Rural Health	Administration, Planning and General Support Services	24,091,379	-	24,091,379	-
		2,573,523,852	537,138,223	2,036,385,629	20.9
Education & Sports					
General administration and policy Development and implementation	Administrative Support Services	249,281,287	57,607,089	191,674,198	23.1
ECDE Management	ECDE Management	36,032,496	-	36,032,496	-
Youth Training and Development	Youth Polytechnics	23,870,000	-	23,870,000	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
County Sports Development	Search and nurture talents	12,711,000	-	12,711,000	-
		321,894,783	57,607,089	264,287,694	17.9
Office of the Governor & Deputy Governor					
Management and Co-ordination of county affairs	Administration, planning and support services	132,083,962	22,121,128	109,962,834	16.8
		132,083,962	22,121,128	109,962,834	16.8
Office of the County Secretary					
Coordination of County Functions and Public Service Management	Coordination of County Functions and Public Service Management	294,074,168	17,371,283	276,702,885	5.9
	Community sensitization, education and public participation	1,170,000	-	1,170,000	-
	ICT Development	2,200,000	-	2,200,000	-
		297,444,168	17,371,283	280,072,885	5.8
Finance & Economic Planning					
Executive services	Administration and personnel services	829,344,147	107,069,040	722,275,107	12.9
Economic Planning and Policy Formulation	Economic Planning and Policy Formulation	9,790,400	968,760	8,821,640	9.9
Public Finance Management	Financial Accounting	8,901,000	802,658	8,098,342	9.0
	Procurement Compliance and Reporting	8,102,000	820,700	7,281,300	10.1
	Internal Audit	5,859,800	694,100	5,165,700	11.9
Revenue Mobilization	Revenue Mobilization	16,200,000	882,306	15,317,694	5.5
Economic Planning and Policy Formulation	Monitoring and Evaluation	3,200,500	425,000	2,775,500	13.3
		881,397,847	111,662,564	769,735,283	12.7
County Assembly					
General administration, Policy Development and implementation	Administration and planning services	701,693,761	80,812,774	620,880,987	11.5
Mortgage Services	Administration and planning services	111,000,000	-	111,000,000	-
		812,693,761	80,812,774	731,880,987	9.9
County Public Service & Solid Waste Management					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Human resources Management	Administration Planning and Support Services	103,400,693	22,446,098	80,954,595	21.7
Sanitation management	Administrative Support Services	63,734,414	3,240	63,731,174	0.01
		167,135,107	22,449,338	144,685,769	13.4
County Public Service Board					
General Administration and Planning services	Administration and Personnel Services	46,048,187	7,967,403	38,080,784	17.3
		46,048,187	7,967,403	38,080,784	17.3
Gender, Youth & Social Services					
General Administration and Planning services	Administration and personnel services	53,002,024	10,018,980	42,983,044	18.9
Social development	Administration and planning services	56,512,000	146,509	56,365,491	0.3
Disaster Management	Administration and planning services	3,150,000	-	3,150,000	-
		112,664,024	10,165,489	102,498,535	9.0
Water & Irrigation Services					
Water Management	Administrative Support Services	163,918,948	12,130,443	151,788,505	7.4
Environment Services	Administrative Support Services	12,800,000	-	12,800,000	-
Climate Change	Administrative Support Services	175,574,324	-	175,574,324	-
		352,293,272	12,130,443	340,162,829	3.4
Office of the County Attorney					
General Administration and Planning services	Administration and personnel services	40,734,471	-	40,734,471	-
		40,734,471	-	40,734,471	-
	Grand Total	**7,588,808,553**	**973,273,524**	**6,615,535,029**	**12.8**

Source: *Nyeri County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Administrative support service in the Department of Education & Sports at 23.1 per cent, Administration Planning & General Support in the Department of Health at 21 per cent of budget allocation.

3.37.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Diversion of funds by the County Treasury and weak budgeting practice as shown in Table 3-176, where the County incurred expenditure over approved exchequer issues in a number of departments.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is

against the requirement of Section 168 of the PFM Act, 2012. The reports for the Elimu Fund, Enterprise Fund and Executive and Assembly Car & Mortgage funds were not submitted to the Controller of Budget.

3. High level of pending bills which amounted to Kshs.449.17 million as of 30th September 2022. This is despite the availability of cash in the CRF which stood at Kshs.472.95 million as at the end of the First Quarter of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.62.69 million were processed through the manual payroll and accounted for 7 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.38 County Government of Samburu

3.38.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.6.21 billion, comprising Kshs.2.13 billion (34.2 per cent) and Kshs.4.09 billion (65.8 per cent) allocation for development and recurrent programmes respectively. The approved budget estimate is a decline of 5.3 per cent compared to the previous financial year when the approved budget was Kshs.6.56 billion and comprised of Kshs.2.13 billion towards development expenditure and Kshs.4.08 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.37 billion (86.5 per cent) as the equitable share of revenue raised nationally, generate Kshs.240.33 million (3.9 per cent) from own source of revenue and a cash balance of Kshs.60 million (1.0 per cent) from FY 2021/22. The County also expects to receive Kshs.541.19 million (8.7 per cent) as conditional grants as shown in Table 1.

3.38.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.886.27 million as the equitable share of the revenue raised nationally, raised Kshs.80.02 million as own-source revenue, received June 2022 late disbursement of Kshs.429.71 million, and had a cash balance of Kshs.425.33 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.82 billion, as shown in Table 3-178.

Table 3-178: Samburu County, Revenue Performance in the First Quarter of FY 2022/23

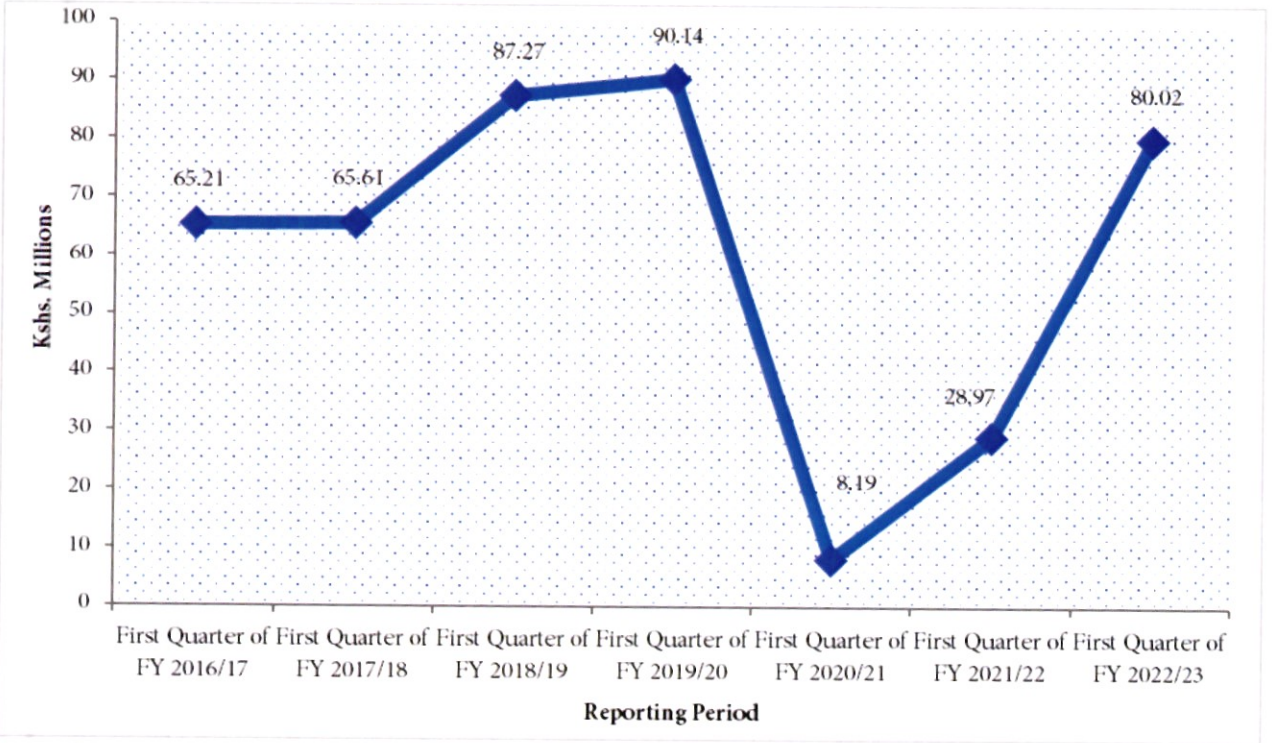
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	5,371,346,037	886,272,096	16.5
Sub Total		**5,371,346,037**	**886,272,096**	**16.5**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	240,330,500	80,018,319	33.3

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
2.	Conditional Grant-Compensation for User Fee Foregone	5,235,578	-	-
3.	Conditional Grant-Leasing of Medical Equipment	110,638,298	-	-
4.	DANIDA (Health support funds)	9,738,200	-	-
5.	World bank loan for National agricultural and rural inclusive growth project	212,277,520	-	-
6.	EU Grant for instrument for devolution advice and support (Abbatoir Construction)	15,626,168	-	-
7.	Agriculture Sector Development Support Programme (ASDSP)	11,088,307	-	-
8.	ELRP (Locust)	51,588,750	-	-
9.	Finance Locally led Climate Action Program (FLLoCA)	125,000,000	-	-
10.	Balance brought forward 2020-21 - CRF	60,000,000	425,333,955	708.9
11.	Other Revenues- June 2022 disbursement	-	429,707,684	-
Sub Total		**841,523,321**	**935,059,959**	**111.1**
Grand Total		**6,212,869,358**	**1,821,332,055**	**29.3**

Source: Samburu County Treasury

There were no conditional grants released in the First Quarter of FY 2022/23. Figure 3-107 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

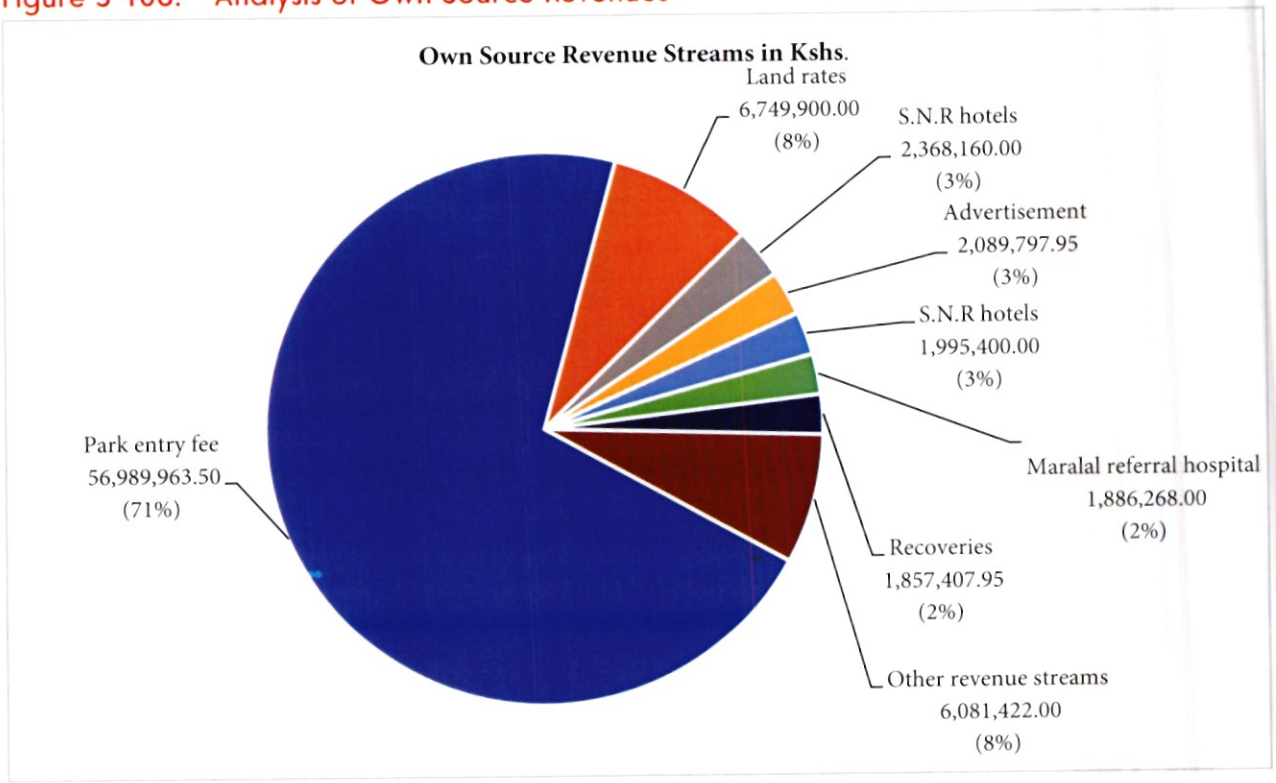
Figure 3-107: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Samburu County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.80.02 million as own-source revenue. This amount represented an increase of 176.2 per cent compared to Kshs.28.97 million realised in a similar period in FY 2021/22 and was 33.3 per cent of the annual target and 9.0 per cent of the received equitable share. The top five revenue streams are shown in Figure 3-108.

Figure 3-108: Analysis of Own Source Revenues



Source: Samburu County Treasury

The increase in own source revenues is attributed to stability in the tourism sector after the COVID pandemic. The highest revenue stream was from Park Entry Fees of Kshs.56.9 million, which contributed to 71

per cent of the OSR collected in the first quarter of FY 2022/23.

3.38.3 Exchequer Issues

The Controller of Budget approved Kshs.804.94 billion in withdrawals from the CRF account during the reporting period. The amount comprised Kshs.138.93 million (17.3 per cent) for development programmes and Kshs.666 million (82.7 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.479.17 million for compensation to employees, Kshs.186.21 million for Operations and Maintenance expenditure and Kshs.138.93 million for development expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.425.33 million.

3.38.4 County Expenditure Review

The County spent Kshs.695.87 million on development and recurrent programmes during the reporting period. This expenditure represented 86.5 per cent of the total funds released by the CoB and comprised Kshs.30.49 million and Kshs.665.38 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 1.4 per cent while recurrent expenditure represented 16.4 per cent of the annual recurrent expenditure budget.

3.38.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County reported the stock of pending bills of Kshs.794.59 million which comprised Kshs.221.67 million for recurrent expenditure and Kshs.575.92 million for development activities. During the period under review, pending bills amounting to Kshs.3.64 million were settled, which was wholly for recurrent programmes. The outstanding pending bills as of 30th September 2022 were therefore Kshs.790.95 million.

3.38.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.439.17 million on employee compensation, Kshs.152.96 million on operations and maintenance, and Kshs.2.72 million on development activities. Similarly, the County Assembly spent Kshs.40.01 million on employee compensation, Kshs.33.24 million on operations and maintenance, and Kshs.27.78 million on development activities, as shown in Table 3-179.

Table 3-179: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**3,549,788,943**	**535,331,727**	**592,132,055**	**73,249,346**	**16.7**	**13.7**
Compensation to Employees	2,075,090,080	313,475,227	439,167,770	40,006,979	21.2	12.8
Operations and Maintenance	1,474,698,863	221,856,500	152,964,285	33,242,367	10.4	15.0
Development Expenditure	**1,996,748,688**	**131,000,000**	**2,720,700**	**27,772,588**	**0.1**	**21.2**
Total	**5,546,537,631**	**666,331,727**	**594,852,755**	**101,021,934**	**10.7**	**15.2**

Source: Samburu County Treasury

3.38.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.479.17 million was 26.3 per cent of the First Quarter realised revenue of Kshs.1.82 billion and included Kshs.201.32 million attributable to the health sector, which translated to 42.3 per cent of the total wage bill in the reporting period.

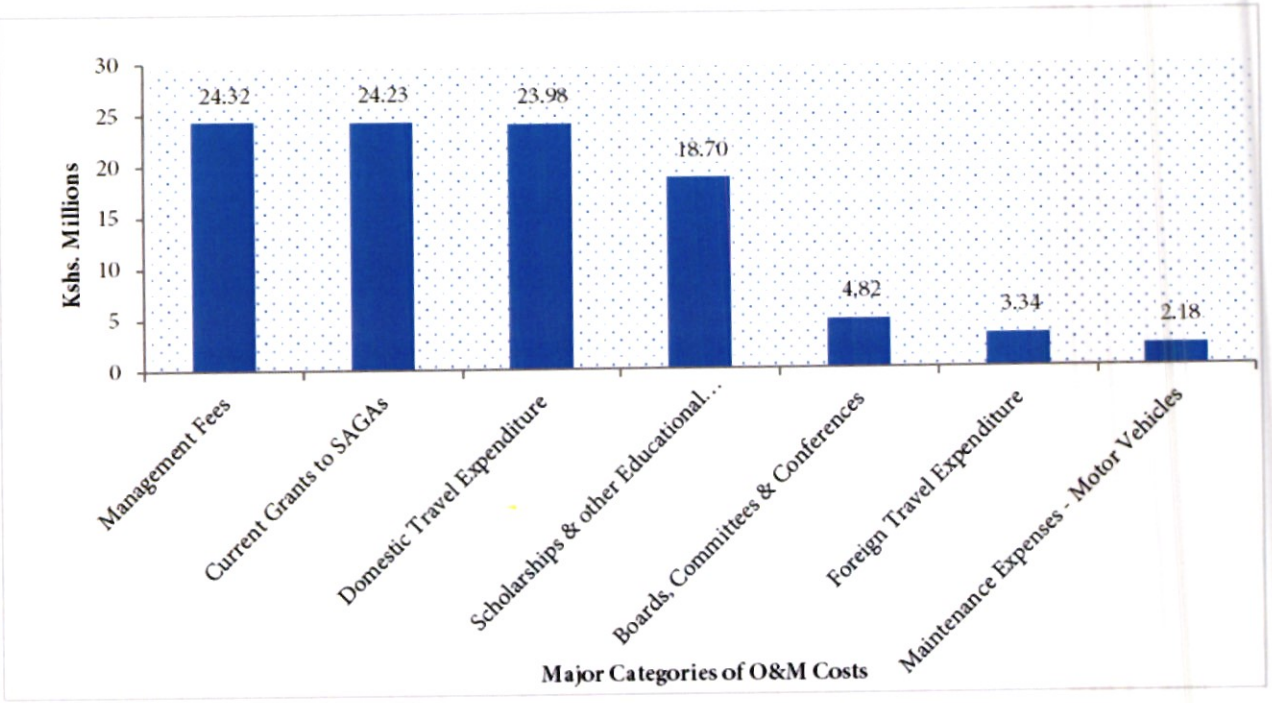
Personnel emoluments amounting to Kshs.435.45 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.43.72 million. The manual payroll amounted to 10 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly did not report expenditure on committee sitting allowances for the 26 MCAs and the Speaker against the annual budget allocation of Kshs.6.00 million.

3.38.8 Expenditure on Operations and Maintenance

Figure 3-109 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-109: Samburu County, Operations and Maintenance Expenditure by Major Categories



Source: *Samburu County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.23.97 million and comprised of Kshs.12.63 million spent by the County Assembly and Kshs.11.34 million by the County Executive. Expenditure on foreign travel amounted to Kshs.3.34 million by the County Assembly and no spending by the County Executive.

3.38.9 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.30.49 million on development programmes, representing a decrease of 72.4 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.110.36 million.

3.38.10 Budget Performance by Department

Table 3-180 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-180: Samburu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	535.33	131.00	70.00	27.77	73.25	27.77	104.6	100.0	13.7	21.2
County Executive	446.02	32.00	68.82	0.00	65.70	0.00	95.5	0.0	14.7	0.0
Finance, Economic Planning & ICT	541.95	51.00	93.66	0.00	130.50	2.72	139.3	0.0	24.1	5.3
Agriculture, Livestock Development, Veterinary Services & Fisheries	215.57	370.98	46.27	111.16	19.71	0.00	42.6	0.0	9.1	0.0
Water, Environment, Natural Resources & Energy	173.29	467.40	16.55	0.00	31.04	0.00	187.6	0.0	17.9	0.0
Education and Vocational Training	463.12	181.80	100.94	0.00	82.79	0.00	82.0	0.0	17.9	0.0
Medical Services, Public Health & Sanitation	1128.76	329.07	174.76	0.00	207.41	0.00	118.7	0.0	18.4	0.0

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands, Housing, Physical Planning & Urban Development	138.37	45.00	20.34	0.00	9.73	0.00	47.9	0.0	7.0	0.0
Roads, Transport & Public Works	102.20	258.00	16.77	0.00	4.74	0.00	28.3	0.0	4.6	0.0
Tourism, Trade, Enterprise Development & Cooperatives	210.97	194.00	30.12	0.00	27.50	0.00	91.3	0.0	13.0	0.0
Culture, Social Services, Gender, Sports & Youth Affairs	129.54	67.50	24.52	0.00	12.99	0.00	53.0	0.0	10.0	0.0
Total	**4085.12**	**2127.75**	**662.76**	**111.16**	**665.38**	**30.49**	**100.4**	**27.4**	**16.3**	**1.4**

Source: *Samburu County Treasury*

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 21.2 per cent, followed by the Department of Finance and Economic Planning 5.3 per cent while the other departments did not report expenditure on their development budget. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 24.1 per cent while the Department of Roads, Transport & Public Works had the lowest at 4.6 per cent.

3.38.11 Budget Execution by Programmes and Sub-Programmes

Table 3-181 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-181: Samburu County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
DEPARTMENT: COUNTY EXECUTIVE					
701004212	Administration and Coordination of County Affairs	194,413,129	21,820,942	172,592,187	11.22%
701004212	Sub County Administration	174,120,791	26,703,811	147,416,980	15.34%
701004212	Coordination, Supervision and Human Resource Services	46,458,344	8,864,823	37,593,521	19.08%
704004212	Administration of Human Resources in County Public Service	63,026,580	8,312,917	54,713,663	13.19%
		478,018,844	**65,702,493**	**412,316,351**	13.74%
DEPARTMENT: FINANCE AND ECONOMIC PLANNING					
705004213	Administration Services	290,245,529	35,656,009	254,589,520	12.28%
705004213	System Security	23,747,570	1,479,060	22,268,510	6.23%
706004213	Budget Formulation Coordination and management	13,480,976	4,545,643	8,935,333	33.72%
706004213	Resource Mobilization	98,350,561	39,109,554	59,241,007	39.77%
706004213	Internal Audit	25,959,518	8,778,470	17,181,048	33.82%

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
706004213	Procurement	24,849,026	12,246,886	12,602,140	49.29%
706004213	Public finance and Accounting	40,019,310	17,495,278	22,524,032	43.72%
706004213	Fiscal Planning	49,494,381	10,515,227	38,979,154	21.25%
712004213	Special Programs	21,586,860	2,224,252	19,362,608	10.30%
713004213	General Administration (Economic Planning and ICT)	9,233,880	1,267,683	7,966,197	13.73%
		596,967,611	**133,318,062**	**463,649,549**	22.33%
DEPARTMENT: AGRICULTURE, LIVESTOCK, VETERINARY & FISHERIES					
101004214	Administration, Planning and Support Services	49,846,009	8,656,672	41,189,336	17.37%
103004214	Promotion of Dairy Production, Breeding and Disease control	9,990,384	588,604	9,401,780	5.89%
103004214	Promotion of Value Addition of Livestock and Livestock Products	89,693,629	349,775	89,343,854	0.39%
103004214	Livestock Diseases Management and Control	31,194,093	-	31,194,093	0.00%
103004214	Livestock marketing and rangeland management	5,346,793	1,242,069	4,104,724	23.23%
104004214	Development of capture fisheries resources	6,176,041	69,000	6,107,041	1.12%
105004214	Agricultural Extension Research and Training	271,694,257	7,556,816	264,137,441	2.78%
105004214	Crop Production and Food Security	14,826,514	1,251,790	13,574,724	8.44%
		478,767,718	**19,714,726**	**459,052,992**	4.12%
DEPARTMENT: ENVIRONMENT & NATURAL RESOURCES					
1001004215	Administration	342,415,023	1,635,596	340,779,427	0.48%
1002004215	Pollution control& monitoring	167,630,974	1,000,000	166,630,974	0.60%
1002004215	Forests Conservation and Management	21,349,216	862,350	20,486,866	4.04%
1003004215	Control of soil erosion	5,179,514	-	5,179,514	0.00%
1003004215	Mining Services	2,267,702	-	2,267,702	0.00%
1003004215	Water Catchment and Protection Services	6,340,132	298,677	6,041,455	4.71%
1004004215	Stormwater management	5,234,597	-	5,234,597	0.00%
1004004215	Water and sanitation services	90,276,742	27,243,860	63,032,882	30.18%

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		640,693,900	**31,040,483**	**609,653,417**	4.84%
DEPARTMENT: EDUCATION, YOUTH AFFAIRS & SOCIAL DEVELOPMENT					
501004216	General Administration Planning and Support Services	143,021,225	23,149,993	119,871,232	16.19%
502004216	Promotion of Early Childhood Education	477,812,039	58,965,455	418,846,584	12.34%
504004216	SP1 Revitalization of Youth Polytechnics	24,084,986	679,219	23,405,767	2.82%
		644,918,250	**82,794,667**	**562,123,583**	12.84%
DEPARTMENT: COUNTY HEALTH SERVICES					
401004217	Health Promotive Services	133,166,185	21,201,323	111,964,862	15.92%
401004217	Communicable Disease Control	85,175,188	19,241,204	65,933,984	22.59%
401004217	Non-Communicable Disease & prevention control	37,352,682	7,128,621	30,224,061	19.08%
401004217	Maternal Health Services	54,089,842	12,018,751	42,071,091	22.22%
402004217	Provision of Essential Health Services In All The Levels	24,914,162	3,639,717	21,274,445	14.61%
402004217	County Referral Services	497,434,482	104,375,239	393,059,243	20.98%
402004217	Free Primary Healthcare	166,482,850	3,546,099	162,936,751	2.13%
403004217	Health Infrastructure development	8,788,504	-	8,788,504	0.00%
403004217	Human Resources for health	68,988,943	13,332,723	55,656,220	19.33%
403004217	Research and Development	8,519,002	1,403,637	7,115,366	16.48%
403004217	Health Policy, Planning & Financing	291,852,229	2,165,880	289,686,349	0.74%
403004217	Health Standards and Quality Assurance Services	81,060,204	19,359,485	61,700,719	23.88%
		1,457,824,273	**207,412,680**	**1,250,411,593**	14.23%
DEPARTMENT: LANDS, PHYSICAL PLANNING AND URBAN DEVELOPMENT					
101004218	Administration, Planning and Support Services	86,262,149	6,512,441	79,749,708	7.55%
102004218	Spatial planning	7,428,266	273,052	7,155,214	3.68%
102004218	Survey and Mapping	37,593,850	522,600	37,071,250	1.39%
102004218	Housing management services	912,043	-	912,043	0.00%

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
106004218	Urban centre management	51,172,894	2,425,001	48,747,893	4.74%
		183,369,202	**9,733,095**	**173,636,107**	5.31%
DEPARTMENT: COUNTY TRANSPORT, PUBLIC WORKS AND WATER SERVICES					
201004219	Administrative services	43,038,389	3,014,691	40,023,698	7.00%
201004219	Firefighting services	1,697,990	-	1,697,990	0.00%
201004219	Design, implementation and supervision of public buildings	11,930,486	-	11,930,486	0.00%
202004219	Rehabilitation of Roads, Drainage and Bridges	13,059,780	616,945	12,442,835	4.72%
202004219	Design, supervision and rehabilitation of County Buildings	8,173,258	-	8,173,258	0.00%
202004219	Street lights management	16,447,732	-	16,447,732	0.00%
202004219	Public Road transport and parking	265,853,125	1,113,256	264,739,869	0.42%
		360,200,760	**4,744,892**	**355,455,868**	1.32%
DEPARTMENT: TRADE, TOURISM, COOPERATIVES AND ENTERPRISE DEVELOPMENT					
301004220	General administration	208,510,950	2,575,942	205,935,008	1.24%
302004220	Enhance Marketing Co-operatives	30,501,941	2,814,877	27,687,064	9.23%
303004220	Business Development Services for MSE's	160,000	-	160,000	0.00%
304004220	Establish & Management of County Tourism Information Centre	116,768,645	18,259,489	98,509,156	15.64%
305004220	Domestic trade development	19,699,881	1,368,945	18,330,936	6.95%
305004220	Market development and promotion of fair-trade services	620,000	88,900	531,100	14.34%
306004220	General Administration Planning and Support Services	28,708,856	2,387,834	26,321,022	8.32%
		404,970,273	**27,495,987**	**377,474,286**	6.79%
DEPARTMENT: CULTURE, SOCIAL SERVICES AND GENDER					
503004221	Sports Development, Training & Competition	97,360,000	634,000	96,726,000	0.65%
901004221	General Administration Planning and Support Services	38,329,410	3,282,389	35,047,022	8.56%
902004221	Conservation of Heritage	970,000	15,000	955,000	1.55%
902004221	Development and Promotion of Culture	8,036,086	15,000	8,021,086	0.19%
902004221	Social Welfare and Gender	25,070,000	6,717,150	18,352,850	26.79%

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
902004221	Community Mobilization and Development	6,261,580	-	6,261,580	0.00%
903004221	Development and management for sports facilities	4,540,000	87,200	4,452,800	1.92%
904004221	General Administration Planning and Support Services (Sports)	16,473,194	2,243,408	14,229,786	13.62%
		197,040,270	**12,994,147**	**184,046,123**	6.59%
DEPARTMENT: COUNTY ASSEMBLY					
904004221	Legislative and Oversight	666,331,727	101,021,934.00	565,309,793	15.16%
		666,331,727	**101,021,934.00**	**565,309,793**	**15.16%**
Grand Total		**6,212,869,358**	**695,874,689**	**5,516,994,669**	**11.2%**

Source: *Samburu County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: procurement at 49.29 per cent, Public finance and Accounting at 43.72 per cent, Resource Mobilization at 39.77 per cent, and internal audit at 33.82 per cent of budget allocation.

3.38.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 04th November 2022.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3-180, where the County incurred expenditure over approved exchequer issues in a number of departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the car and mortgage Fund, Bursary Fund and Emergency Fund were not submitted to the Controller of Budget.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.43.72 million were processed through the manual payroll and accounted for 10 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. High level of pending bills which amounted to Kshs.790.95 million as of 30th September 2022. This is despite the availability of cash in the CRF which stood at Kshs.425.33 million at the end of the First Quarter of FY 2022/23.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised*

to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.

5. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*

3.39 County Government of Siaya

3.39.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.8.82 billion, comprising Kshs.3.33 billion (37.7 per cent) and Kshs.5.49 billion (62.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 1.7 per cent compared to the previous financial year when the approved budget was Kshs.8.97 billion and comprised of Kshs.3.35 billion towards development expenditure and Kshs.5.62 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.97 billion (79.0 per cent) as the equitable share of revenue raised nationally, generate Kshs.581 million (6.6 per cent) from its own sources of revenue and a cash balance of Kshs.697.04 million (7.9 per cent) from FY 2021/22. The County also expects to receive Kshs.571.39 million (6.5 per cent) as conditional grants, which consist of DANIDA of Kshs.12.21 million, Lease of Medical Insurance of Kshs.110.64 million, Financing Local Climate Action Plan of Kshs.125 million, Kenya Climate Smart Agriculture Project of Kshs.314.64 million, and Sweden Agriculture Sector Development Support Programme of Kshs.8.91 million.

3.39.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.802.99 million as an equitable share of the revenue raised nationally, raised Kshs.98.58 million as own-source revenue, and had a cash balance of Kshs.697.04 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.60 billion, as shown in Table 3-182.

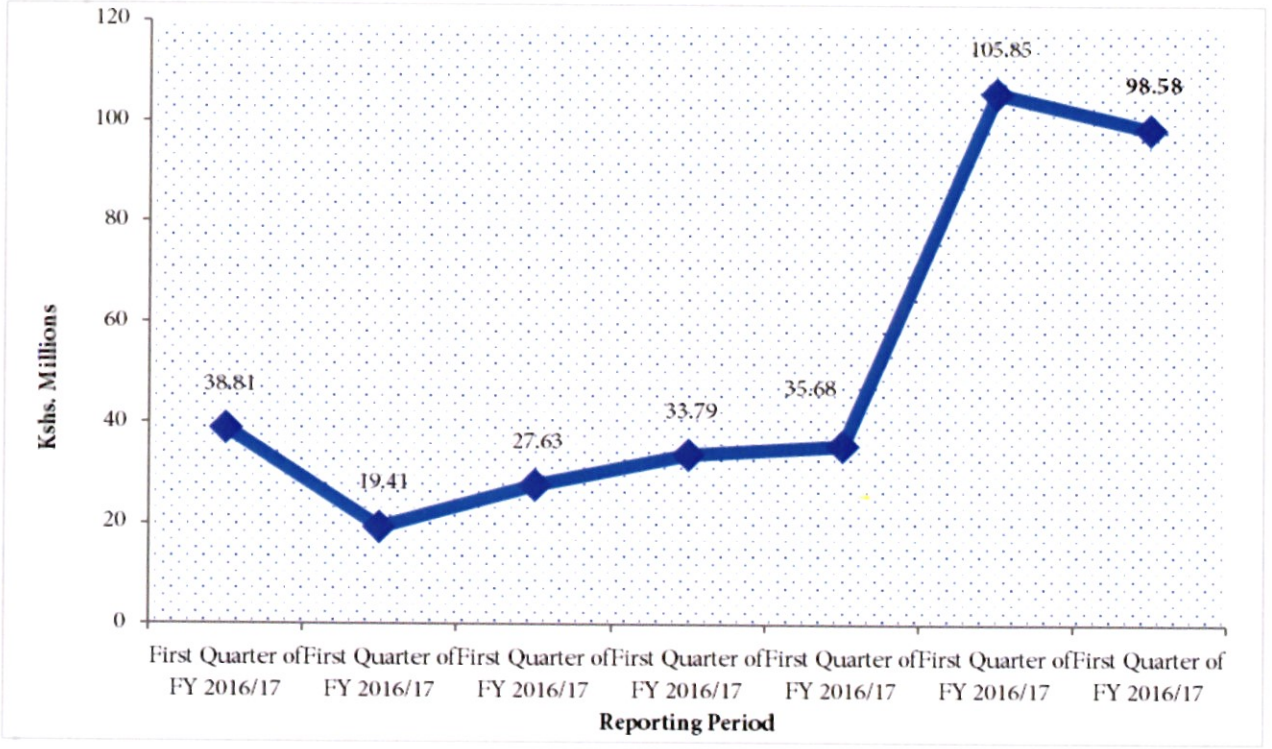
Table 3-182: Siaya County, Revenue Performance in the First Quarter of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**6,966,507,531**	**802,987,013**	**16.5**
Sub Total		**6,966,507,531**	**802,987,013**	**16.5**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	580,988,234	98,579,902	17.0
2.	DANIDA	12,206,100	-	-
3.	Lease of Medical Equipment	110,638,298	-	-
4.	Financing Local Climate Action Plan -Water	125,000,000	-	-
5.	Kenya Climate Smart Agriculture -IDA World Bank	314,639,880	-	-
6.	Sweden Agriculture Sector Development Support Programme (ASDSP)	8,906,243	-	-
	Unspent balance from FY 2021/22	697,043,128	697,043,128	100.0
Sub Total		**1,849,421,883**	**795,623,030**	**43**
Grand Total		**8,815,929,414**	**1,598,610,043**	**22.1**

Source: Siaya County Treasury

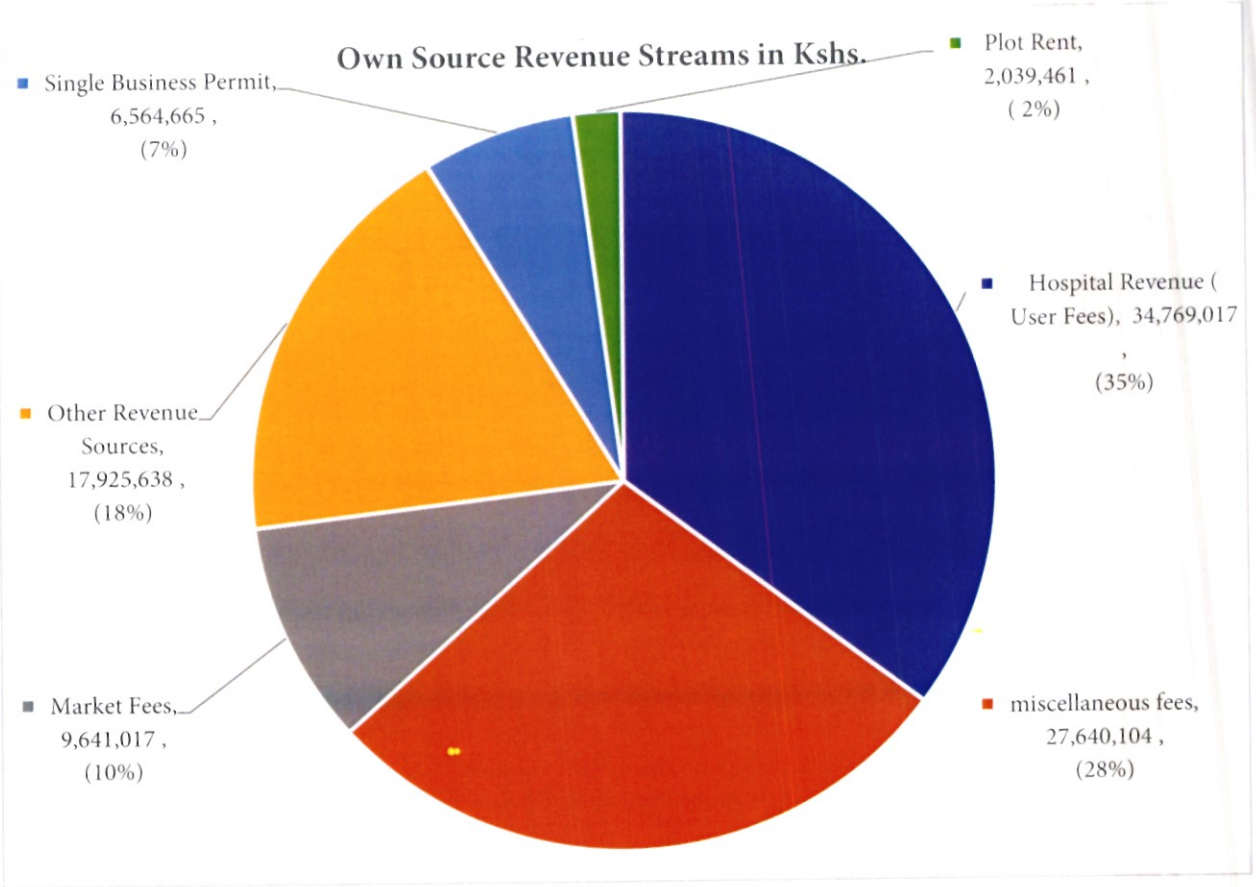
Conditional grants were not released in the First Quarter of FY 2022/23.Figure 3-110 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

Figure 3-110: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Siaya County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.98.58 million as own-source revenue. This amount represented a decrease of 7.4 per cent compared to Kshs.105.85 million realised in a similar period in FY 2021/22 and was 17.0 per cent of the annual target. The OSR includes revenue arrears and penalties charged on the arrears from the previous financial year. The top five revenue streams which contributed the highest OSR are shown in Figure 3-111.



Source: Siaya County Treasury

The highest revenue stream was from Hospital Revenue of Kshs.34.8 million, which contributed to 43 per cent of the OSR collected in the first quarter of FY 2022/23.

3.39.3 Exchequer Issues

The Controller of Budget approved Kshs.846.75 million in withdrawals from the CRF account during the reporting period. The amount comprised Kshs.22.00 million (2.6 per cent) for development programmes and Kshs.824.75 million (97.4 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.824.75 million for compensation to employees and Kshs.22.00 million for development expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.634.43 million.

3.39.4 County Expenditure Review

The County spent Kshs.687.31 million on recurrent programmes during the reporting period, representing 12.5 per cent of the annual recurrent expenditure budget.

3.39.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County reported the stock of pending bills of Kshs.831.98 million, which comprised Kshs.373.73 million for recurrent expenditure and Kshs.458.24 million for development activities. During the period under review, no pending bills were settled.

3.39.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.605.78 million on employee compensation and Kshs.37.79 million on operations and maintenance. Similarly, the County Assembly spent Kshs.40.79 million on employee compensation and Kshs.2.96 million on operations and maintenance, as shown in Table 3-183.

Table 3-183: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,581,427,439**	**908,268,880**	**643,570,148**	**43,746,547**	**14.0**	**4.8**
Compensation to Employees	2,780,553,204	380,219,901	605,781,048	40,785,702	21.8	11.1
Operations and Maintenance	1,800,874,235	528,048,979	37,789,100	2,960,845	2.1	0.5
Development Expenditure	**2,562,354,343**	**763,888,752**	-	-	**0.0**	**0.0**
Total	**7,143,781,782**	**1,672,157,632**	**643,570,148**	**43,746,547**	**9.0**	**2.6**

Source: Siaya County Treasury

3.39.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.646.57 million was 40.5 per cent of the First Quarter realised revenue of Kshs.1.6 billion and included Kshs.329.38 million attributable to the health sector, which translated to 50.9 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.537.89 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.111.64 million. The manual payroll amounted to 17.3 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly spent Kshs.2.16 million on committee sitting allowances for the 43 MCAs and the Speaker against the annual budget allocation of Kshs.52.22 million, and was 4.9 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.16,378 per MCA. The County Assembly has established 23 Committees; no bills or policy documents were processed during the period.

3.39.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.71.80 million to the Emergency Fund and Kshs.307.82 million to the other county-established funds in FY 2022/23, constituting 4.3 per cent of the County's overall budget for the year. Table 3-184 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-184: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Siaya County Emergency Fund	71,803,911	-	-	No
2.	Siaya County Bursary Fund	75,000,000	-	-	No
3.	Cooperative Development Fund	7,700,000	-	-	No
County Assembly Established Funds					
	Siaya County Assembly MCA's/Staff Car Loan and Mortgage	225,116,000	-	-	Yes
	Total	**379,619,911**	-	-	

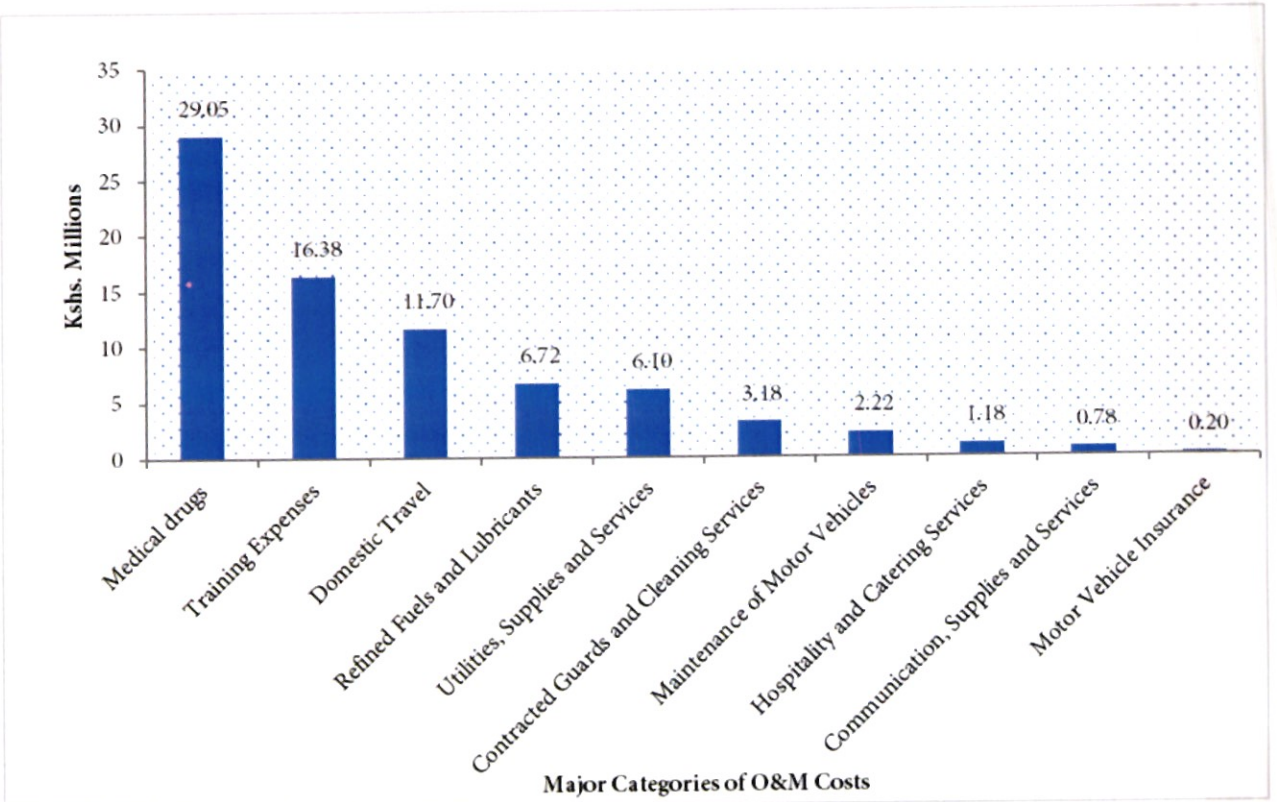
Source: *Siaya County Treasury*

The OCoB did not receive quarterly financial returns from Fund Administrators of Siaya County Emergency, Siaya County Bursary and Siaya County Cooperative Development funds as indicated in Table 3-184 above, which is against the requirement of Section 168 of the PFM Act, 2012.

3.39.9 Expenditure on Operations and Maintenance

Figure 3-112 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-112: Siaya County, Operations and Maintenance Expenditure by Major Categories



Source: *Siaya County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.11.70 million, comprising Kshs.5.53 million spent by the County Assembly and Kshs.6.17 million by the County Executive.

3.39.10 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred did not report any expenditure on development programmes.

3.39.11 Budget Performance by Department

Table 3-185 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-185: Siaya County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	908.27	763.89		-	43.75		100.0	-	4.8	-
Governance and Administration	607.05	9.50	106.74	-	89.19		83.6	-	14.7	-
Finance and Economic Planning	778.63	8.80	197.61	-	97.81	-	49.5	-	12.6	-
Agriculture, Food, Livestock and Fisheries	257.37	423.62	46.17	-	45.69	-	99.0	-	17.8	-
Water, Irrigation, Environment and Natural Resources	71.55	402.39	6.04	-	5.94	-	98.3	-	8.3	-
Education, Youth Affairs, Gender and Social Services	310.50	363.29	33.14	22.00	30.73	-	92.7	-	9.9	-
County Health Services	2,043.01	195.55	331.72	-	329.38	-	99.3	-	16.1	-
Lands, Physical Planning, Urban Development and Housing	167.21	145.58	12.64	-	9.59	-	75.9	-	5.7	-
Roads, Public Works, Energy and Transport	78.59	760.75	15.31	-	7.61	-	49.7	-	9.7	-
Enterprise and Industrial Development	173.52	203.10	21.82	-	19.01	-	87.1	-	11.0	-
Tourism, Culture, Sports and Arts	94.00	49.78	9.81	-	8.63	-	88.0	-	9.2	-
	5,489.70	**3,326.24**	**780.99**	**22.00**	**643.57**	**-**	**83.3**	**-**	**12.5**	**-**

Source: *Siaya County Treasury*

Analysis of expenditure by department shows that the Department of Agriculture, Food, Livestock and Fisheries had the highest percentage of recurrent expenditure to budget at 17.8 per cent, while the County Assembly had the lowest at 4.8 per cent. A number of departments reported expenditure above exchequer issues which is an indication of weak internal controls and the diversion of funds by the County Treasury.

The allocation for recurrent expenditure for the County Executive and the County Assembly is within the CARA, 2022 set ceiling.

3.39.12 Budget Execution by Programmes and Sub-Programmes

Table 3-186 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-186: Siaya County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly							
County Assembly	Legislation	256,081,706.50	-	37,281,690.65	-	14.6	-
	Oversight	20,000,000	-	-	-	-	-
	Staff Management and Development	178,052,733.50	381,944,376	32,422,804.70	-	18.2	-
	Sub Total	454,134,440	381,944,376	69,704,495.35	-	15.3	-
Governance and Administration							
County Executive	General Administration, Planning and Services	133,320,880.50	4,750,000.00	2,403,546.45	-	1.8	-
	The Office of the Governor	70,568,482	-	1,356,600.00	-	1.9	-
	County Public Service Board	31,325,515.50	-	-	-	-	-
	Fire-fighting and disaster management	3,483,924	-	90,000.00	-	2.6	-
	Sub County Administration	48,828,523	-	64,850.95	-	0.1	-
	Human Resource Management	15,997,439.50	-	-	-	-	-
	Sub-Total	303,524,764.50	4,750,000.00	3,914,997.40	-	1.3	-
Finance and Economic Planning							
Finance, Planning and Vision 2030	Financial Services	7,080,429.50	-	393,720.00	-	5.6	-
	Administration, Planning, Revenue and Services	338,744,957.50	4,397,522.00	21,826,644.20	-	6.4	-
	Procurement	3,627,315	-	385,000.00	-	10.6	-
	Budget Services	12,917,503.50	-	4,133,900.00	-	32.0	-
	Internal Audit	5,469,664.50	-	1,853,340.00	-	33.9	-
	Economic Planning Services	21,472,963.00	-	7,897,418.95	-	36.8	-
	Sub-Total	389,312,833	4,397,522.50	36,490,023.15	-	9.4	-
Agriculture, Food, Livestock and Fisheries							
Agriculture, Livestock and Fisheries	Administration	39,067,552.00	7,859,395.00	320,511.35	-	0.8	-
	Veterinary Services	9,433,351.50	10,280,237.00	80,100.00	-	0.8	-
	Crop Management	71,000,042.00	182,091,618.50	144,729.00	-	0.2	-
	Fisheries Development and Management	9,182,831.00	11,577,396.00	272,939.00	-	3.0	-
	Sub Total	128,683,776.50	211,808,646.50	818,279.35	-	0.6	-
Water, Irrigation, Environment and Natural Resources							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Water, Environment and Natural Resources	Administration	20,700,326.00	-	124,450.00	-	0.6	-
	Water Services	13,090,000.00	200,694,176.50	475,600.00	-	3.6	-
	Forestry	1,985,000.00	500,375.00	570,300.00	-	28.7	-
	Sub Total	35,775,326.00	201,194,551.50	1,170,350.00	-	3.3	-
Education, Youth Affairs, Gender and Social Services							
Education, Youth Affairs, Culture and Social Services	Administration Services	127,558,077	2,001,254.00	359,000.00	-	0.3	-
	ECD programmes	7,824,691.00	102,157,595.50	251,800.00	-	3.2	-
	Youth Polytechnics, Youth Training	3,121,792.00	25,148,814.50	299,000.00	8,000,000.00	9.6	31.8
	Sports	11,031,804.50	30,994,313.50	149,000.00	-	1.4	-
	Social Resources	5,714,792.50	22,592,707.50	-	-	-	-
	Culture	-	22,592,707.50	-	14,000,000.00	-	-
	Sub Total	155,251,157.00	182,894,685.00	1,058,800.00	14,000,000.00	0.7	7.7
County Health Services							
Health Services	General Administration and Planning	769,899,353.00	-	1,500,000.00	-	0.2	-
	Curative healthcare services	51,941,624.50	97,773,570.00	14,718,491.80	-	28.3	-
	Preventive, Promotive and Rehabilitative	43,077,948.00	-	17,678,974.00	-	41.0	-
	Facility Improvement Fund	51,250,350.00	-	1,250,000.00	-	2.4	-
	HIV Services	11,744,270.00	-	30,268.00	-	0.3	-
	TB Services	38,223,375.50	-	-	-	-	-
	Nutrition Services	30,289,268.00	-	607,267.00	-	2.0	-
	Environmental Health Services	25,079,058.00	-	850,000.00	-	3.4	-
	Sub Total	1,021,505,247.00	97,773,570	36,635,000.80	-	3.6	-
Lands, Physical Planning, Urban Development and Housing							
Department of lands, physical planning and Housing	Physical Planning	22,776,991.00	5,830,000.00	24,000,000.00	-	25.6	-
	Land Survey and Mapping	4,291,253.50	21,498,653.00	-	-	-	-
	Housing	11,520,177.00	21,897,944.50	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	General Administration, Planning and Support Services	45,016,315.00	23,565,581.50	306,000.00	-	0.7	-
	Sub Total	83,604,736.50	72,792,179.00	3330,000.00	-	4.0	-
Roads, Public Works, Energy and Transport							
Roads, Public Works and Transport	General Administration Services	479,897.50	-	-	-	-	-
	Road Development, maintenance and Management	38,502,361.00	380,374,480.50	4,012,170.00	-	10.4	-
	County Government Buildings Services	313,620.50	-	-	-	-	-
	Sub Total	39,295,879.00	380,374,480.50	4,012,170.00	-	10.2	-
Enterprise and Industrial Development							
Trade, Industry, Labour and Planning.	General administration and planning services	73,085,947.50	-	3,131,918.20	-	4.3	-
	Trade Development and Investment	2,375,852.50	-	358,000.00	-	15.1	-
	Promotion of Fair-Trade Practices	3,148,500.00	-	185,000.00	-	5.9	-
	Cooperative Extension Services	3,352,500.00	-	404,500.00	-	12.1	-
	Market Services	4,797,200.00	101,551,443.00	120,000.00	-	2.5	-
	Sub Total	86,760,000.00	101,551,443.00	4,199,418.20	-	4.8	-
Tourism, Culture, Sports and Arts							
Tourism and ICT	ICT	3,797,500.00	10,940,093.50	-	-	-	-
	Tourism	-	12,700,000.00	-	-	-	-
	General Administration, Planning and Support Services	31,152,500.00	-	734,800.00	-	2.4	-
	Communication Services	12,050,000.00	-	1,136,335.00	-	9.4	-
	Sub-Total	47,000,000	23,640,093.50	1,871,135.00	-	4.0	-
Grand Total		**2,744,848,159.50**	**1,663,121,547.50**	**163,204,669.30**	**22,000,000.00**	**5.9**	**1.3**

Source: *Siaya County Treasury*

The report on budget execution by programmes and Sub-programmes is based on the half-year budget, which was available for spending during the period under review. Sub-programmes with the highest levels of implementation based on absorption rates were: Preventive, Promotive and Rehabilitative in the Department of the County Health

Services at 41.0 per cent, Economic Planning Services in the Department of Finance and Economic Planning at 36.8 per cent, Internal Audit in the Department of Finance and Economic Planning at 33.9 per cent, and Budget Services in the Department of Finance and Economic Planning at 32.0 per cent of budget allocation.

3.39.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.98.58 million against an annual projection of Kshs.581.0 million, representing 17.0 per cent of the annual target.
2. Diversion of funds by the County Treasury and weak budgeting practice as shown in Table 3-185, where the County incurred expenditure over approved exchequer issues in a number of departments.
3. High level of pending bills which amounted to Kshs.831.98 million as of 30th September 2022, despite the availability of cash in the CRF, which stood at Kshs.795.63 million as of the end of the First Quarter of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.537.89 million were processed through the manual payroll and accounted for 17.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. Failure by Fund Administrators to submit the quarterly financial statements to the OCOB contrary to Section 168 of the PFM Act, 2012.

The County should implement the following recommendations to improve budget execution;

1. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff recruitment on contract terms and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The CECMF should ensure all Fund Administrators prepare and submit financial reports in line with the law.*

3.40 County Government of Taita Taveta

3.40.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.7.07 billion, comprising Kshs.2.50 billion (35.3 per cent) and Kshs.4.58 billion (64.7 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 1.0 per cent compared to the previous financial year when the approved budget was Kshs.7.15 billion and comprised of Kshs.2.49 billion towards development expenditure and Kshs.4.66 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.4.84 billion (68.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.400 million (5.7 per cent) from its own sources of revenue, Kshs.133.11 million (1.9 per cent) as other revenues, and a cash balance of Kshs.391 million (5.5 per cent) from FY 2021/22. The County also expects to receive Kshs.1.30 billion (18.5 per cent) as conditional grants as shown in Table 3-187.

3.40.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.18 billion as the equitable share of the revenue raised nationally, raised Kshs.51.66 million as own-source revenue and had a cash balance of Kshs.237,296 from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.23 billion, as shown in Table 3-187.

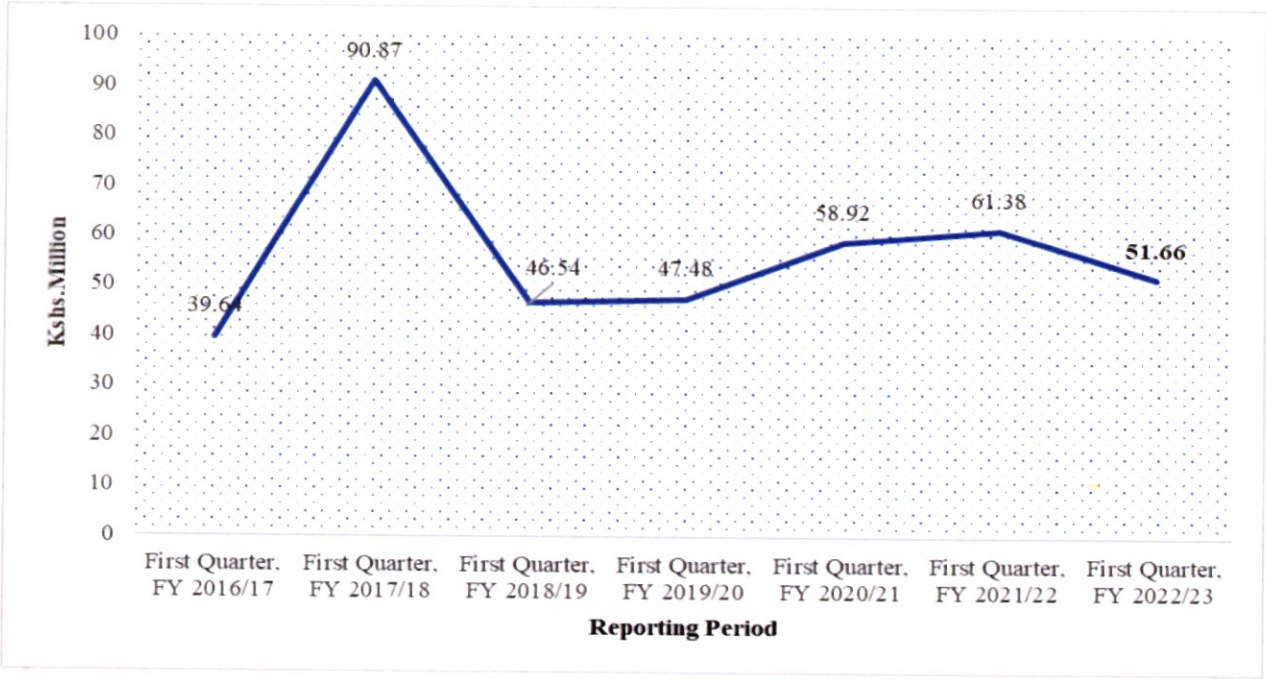
Table 3-187: Taita Taveta County, Revenue Performance in the First Quarter of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2022/23 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,842,174,698.00	1,186,332,802.00	24.5
Sub Total		**4,842,174,698.00**	**1,186,332,802.00**	**24.5**
B	**Conditional Grants**			
1	Kenya Informal Settlement Improvement Project-World Bank	60,000,000.00	-	-
2	EU Grant (Instrument for Devolution Advice and Support IDEAS)	15,624,929.00	-	-
3	Danida grant for universal healthcare for devolved system program	8,937,800.00	-	-
4	Kenya Climate Smart Agriculture Program - IDA (World Bank)	290,416,775.00	-	-
5	Water and Sanitation Development Project (World Bank)	800,000,000.00	-	-
6	Agricultural Sector Development Support Programme (ASDSP)-Sweden	9,063,197.00	-	-
7	Locally Led Climate Action Programme-fLLoCAP-WB grant	125,000,000.00	-	
	Sub-Total	**1,309,042,701.00**	-	-
C	**Other Sources of Revenue**			
1	Own Source Revenue	400,000,000.00	51,661,000.00	12.9
2	Balance b/f from FY2021/22	391,000,000.00	237,296.00	0.06
4	Other Revenues	133,118,780.00	-	-
Sub Total		**924,118,780.00**	**51,898,296.00**	**5.6**
Grand Total		**7,075,336,179.00**	**1,238,231,098.00**	**17.5**

Source: Taita Taveta County Treasury

No Conditional grants were released in the First Quarter of FY 2022/23. Figure 3-113 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

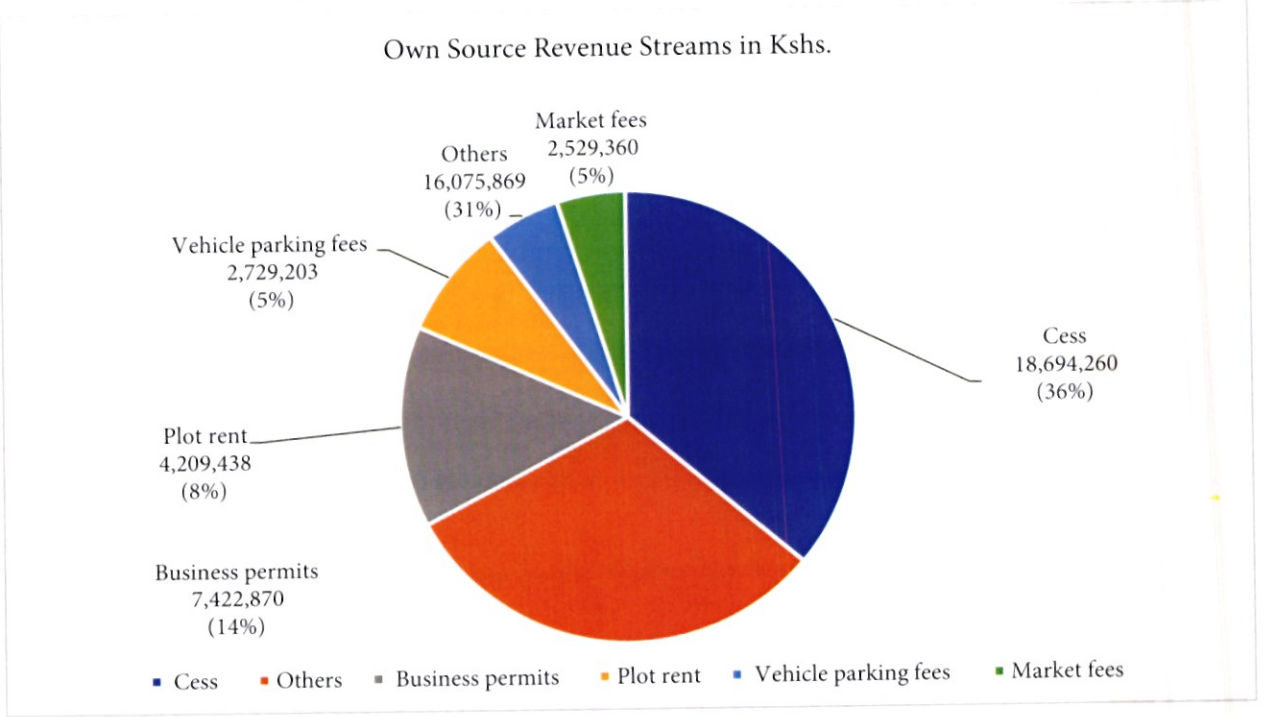
Figure 3-113: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Taita Taveta County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.51.66 million as own-source revenue. This amount represented a decrease of 15.8 per cent compared to Kshs.61.38 million realised in a similar period in FY 2021/22 and was 12.9 per cent of the annual target and 4.3 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-114.

Figure 3-114: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23 (Kshs.)



Source: Taita Taveta County Treasury

The highest revenue stream was from Cess of Kshs.18.70 million, which contributed to 36 per cent of the OSR collected in the first quarter of FY 2022/23.

3.40.3 Exchequer Issues

The Controller of Budget approved Kshs.1,17 billion in withdrawals from the CRF account during the reporting period. The amount comprised Kshs.13.57 million (1.2 per cent) for development programmes and Kshs.1.15 billion (98.8 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.1.01 billion for compensation to employees, Kshs.138.10 million for Operations and Maintenance expenditure and Kshs.13.57 million for development expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.86.46 million.

3.40.4 County Expenditure Review

The County spent Kshs.908.20 million on development and recurrent programmes during the reporting period. This expenditure represented 77.6 per cent of the total funds released by the CoB and comprised Kshs.13.57 million and Kshs.894.63 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.5 per cent, while recurrent expenditure represented 19.5 per cent of the annual recurrent expenditure budget.

3.40.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County reported the stock of pending bills of Kshs.1.03 billion, which comprised Kshs.444.35 million for recurrent expenditure and Kshs.589.62 million for development activities. During the period under review, no pending bills were settled. The County Treasury reported pending bills of Kshs.1.16 billion as of 30th September 2022.

3.40.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.742.67 million on employee compensation, Kshs.44.31 million on operations and maintenance, and Kshs.13.57 million on development activities. Similarly, the County Assembly spent Kshs.73.11 million on employee compensation and Kshs.34.54 million on operations and maintenance, as shown in Table 3-188.

Table 3-188: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**3,927,391,310**	**650,000,000**	**786,977,754**	**107,656,855**	**20.0**	**16.6**
Compensation to Employees	2,723,307,086	266,000,000	742,670,461	73,114,638	27.3	27.5
Operations and Maintenance	1,204,084,224	384,000,000	44,307,293	34,542,217	3.7	9.0
Development Expenditure	**2,447,944,869**	**50,000,000**	**13,571,577**		**0.6**	-
Total	**6,375,336,179**	**700,000,000**	**800,549,331**	**107,656,855**	**12.6**	**15.4**

Source: Taita Taveta County Treasury

3.40.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.815.78 million was 65.9 per cent of the realised revenue of Kshs.1.23 billion and included Kshs.407.25 million attributable to the health sector, which translated to 50 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.800.50 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.15.28 million. The manual payroll amounted to 1.9 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly did not report expenditure on committee sitting allowances for the 34 MCAs and the Speaker against the annual budget allocation of Kshs.15 million.

3.40.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.10 million to the Emergency Fund and Kshs.219 million to County-established funds in FY 2022/23, constituting 3.0 per cent of the County's overall budget for the year. Table 3-189 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-189: Performance of County Established Funds as of 30th September 2022

S / No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No)
		A	B	C	D

County Executive Established Funds					
1.	Education Fund	165,000,000	27,000,000	5,417,870	YES
2	County Emergency Fund	10,000,000	-	-	YES
3	Liquor Control and Licensing Fund	4,000,000	-	-	YES
4	County Executive Car Loan & Mortgage	10,000,000	-	-	YES
County Assembly Established Funds					
5.	County Assembly Car Loan& Mortgage Scheme Fund	40,000,000	20,000,000	20,000,000	YES
	Total	**229,000,000**	**47,000,000**	**25,417,870**	

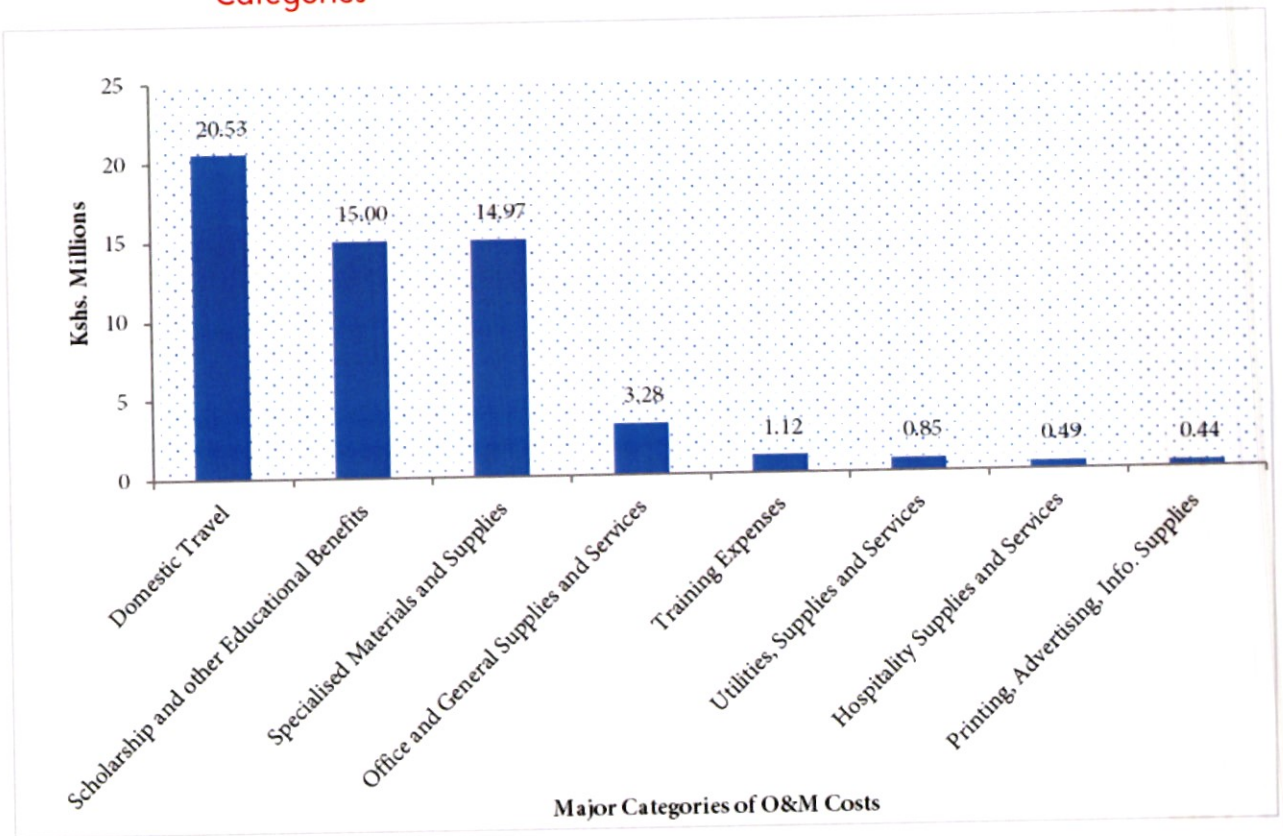
Source: *Taita Taveta County Treasury*

The OCOB received all the quarterly financial returns from the Fund Administrators of the five funds, as indicated in Error! Reference source not found.3 above.

3.40.9 Expenditure on Operations and Maintenance

Figure 3-115 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-115: Taita Taveta County, Operations and Maintenance Expenditure by Major Categories



Source: *Taita Taveta County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.20.53 million and comprised of Kshs.16.73 million spent by the County Assembly and Kshs.3.79 million by the County Executive.

3.40.10 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.13.57 million on development programmes, representing an increase compared to a similar period in FY 2021/22 when the County did not report expenditure on development activities. The expenditure on development was recorded on programmes under conditional grants.

3.40.11 Budget Performance by Department

Table 3-190 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-190: Taita Taveta County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	650	50	175.23	-	107.66	-	61.4	-	16.6	-
Public Service and Administration	2,804.62	4.5	934.59	-	742.67	-	79.5	-	26.5	-
The Governor's and Deputy Governor's Office	186.14	21	10.08	-	9.08	-	90.1	-	4.9	-
Finance and Economic Planning	273.86	151.55	-	-	-	-	-	-	-	-
Agriculture, Livestock and Fisheries	32.33	368.58	-	3	-	3	-	100.0	-	0.8
Water and Irrigation	22.75	1,139.49	-	-	-	-	-	-	-	-
Education and Libraries	188.04	117.8	27	-	25	-	92.6	-	13.3	-
Health	284.75	165.94	10.23	-	10.23	-	100.0	-	3.6	-
Trade, Tourism and Cooperative Development	29.56	25	-	-	-	-	-	-	-	-
County Public Service Board	20.5	3.5	-	-	-	-	-	-	-	-
Infrastructure and Public Works	34.65	194.5	-	-	-	-	-	-	-	-
Lands, Environment and Natural Resources	30.15	100.8	-	10.57	-	10.57	-	100.0	-	10.5
Youth, Gender, Sports, Culture and Social Services	20.05	155.3	-	-	-	-	-	-	-	-
Total	**4,577.39**	**2,497.94**	**1,157.13**	**13.57**	**894.63**	**13.57**	**77.3**	**100.0**	**19.5**	**0.5**

Source: *Taita Taveta County Treasury*

Analysis of expenditure by department shows that the Department of Lands, Environment and Natural Resources recorded the highest absorption rate of development budget at 10.5 per cent, followed by the Department of Agriculture, Livestock and Fisheries at 0.8 per cent. The Department of Public Service and Administration had the highest percentage of recurrent expenditure to budget at 26.5 per cent, followed by County Assembly at 16.6 per cent.

3.40.12 Budget Execution by Programmes and Sub-Programmes

Table 3-191 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-191: Taita Taveta County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub Programme	Approved Budget	Actual Expenditure as of 30th September 2022	Absorption (%)
	County Assembly Headquarters	**700,000,000**	**107,656,855**	**15.0**
701003260	General Administration support services	650,000,000	107,656,855	**17.0**
702003260	County Assembly Infrastructure improvement	50,000,000	-	-
	Headquarters	**2,786,617,086**	**742,670,461**	**27.0**
705003260	Leadership Development Programme	4,500,000	-	-
701003260	General Administration support services	2,782,117,086	742,670,461	**27.0**
704003260	General Administration and Management of County Affairs	-	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
3260		-	-	-
	Taveta Sub County Administration	**2,000,000**	-	-
705003260	Leadership Development Programme	-	-	-
701003260	General Administration support services	2,000,000	-	-
	Wundanyi Sub County Administration	**2,000,000**	-	-
701003260	General Administration support services	2,000,000	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
	Mwatate Sub County Administration	**2,000,000**	-	-
701003260	General Administration support services	2,000,000	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
	Voi Sub County Administration	**2,000,000**	-	-
701003260	General Administration support services	2,000,000	-	-
	Taveta Town Administration	**1,000,000**	-	-
701003260	General Administration support services	1,000,000	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
705003260	Leadership Development Programme	-	-	-
	Voi Town Administration	**1,000,000**	-	-
701003260	General Administration support services	1,000,000	-	-
705003260	Leadership Development Programme	-	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
	County Policing Authority	-	-	-
701003260	General Administration support services	-	-	-
	Human Resource Management	**5,900,000**	-	-
701003260	General Administration support services	5,900,000	-	-
		5,000,000	-	-
701003260	General Administration support services	5,000,000	-	-
		1,600,000	-	-
701003260	General Administration support services	1,600,000	-	-
	Headquarters	**100,430,000**	**9,076,362**	**9.0**
705003260	Leadership Development Programme	15,000,000	-	-
701003260	General Administration support services	-	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
704003260	General Administration and Management of County Affairs	85,430,000	9,076,362	**11.0**

Programme	Sub Programme	Approved Budget	Actual Expenditure as of 30th September 2022	Absorption (%)
	Office of the Deputy Governor	**34,540,000**	-	-
705003260	Leadership Development Programme	-	-	-
704003260	General Administration and Management of County Affairs	34,540,000	-	-
	Special Programmes Unit	**14,310,000**	-	-
705003260	Leadership Development Programme	6,000,000	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
704003260	General Administration and Management of County Affairs	8,310,000	-	-
	Service Delivery Unit	**2,550,000**	-	-
704003260	General Administration and Management of County Affairs	2,550,000	-	-
	Industrialisation	-	-	-
705003260	Leadership Development Programme	-	-	-
704003260	General Administration and Management of County Affairs	-	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
	ICT	**13,425,000**	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
704003260	General Administration and Management of County Affairs	13,425,000	-	-
		6,976,002	-	-
704003260	General Administration and Management of County Affairs	6,976,002	-	-
		4,642,212	-	-
704003260	General Administration and Management of County Affairs	4,642,212	-	-
		30,270,000	-	-
704003260	General Administration and Management of County Affairs	30,270,000	-	-
	Headquarters	**33,988,240**	-	-
706003260	General Administration, planning, Internal Audit & Support Services	33,988,240	-	-
701003260	General Administration support services	-	-	-
707003260	Treasury Development Programme	-	-	-
	County Emergency Fund	**10,000,000**	-	-
701003260	General Administration support services	-	-	-
707003260	Treasury Development Programme	-	-	-
706003260	General Administration, planning, Internal Audit & Support Services	10,000,000	-	-
	Equalisation of Wards Infrastructure	-	-	-
707003260	Treasury Development Programme	-	-	-
	Planning	**19,735,000**	-	-
706003260	General Administration, planning, Internal Audit & Support Services	19,735,000	-	-
707003260	Treasury Development Programme	-	-	-
	Gratuity Fund	-	-	-
706003260	General Administration, planning, Internal Audit & Support Services	-	-	-
	County Executive Administration	**10,000,000**	-	-

Programme	Sub Programme	Approved Budget	Actual Expenditure as of 30th September 2022	Absorption (%)
706003260	General Administration, Planning, Internal Audit & Support Services	10,000,000	-	-
701003260	General Administration support services	-	-	-
	Internal Audit Services	**10,560,000**	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	10,560,000	-	-
	Revenue Management	**33,255,000**	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	33,255,000	-	-
701003260	General Administration support services	-	-	-
	Procurement	**7,590,302**	-	-
706003260	General Administration, planning, Internal Audit & Support Services	7,590,302	-	-
	Accounting Services	**19,562,800**	-	-
701003260	General Administration support services	-	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	19,562,800	-	-
	Kenya Devolution Support Programme	-	-	-
701003260	General Administration support services	-	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	-	-	-
		280,718,220	-	-
707003260	Treasury Development Programme	151,546,613	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	129,171,607	-	-
	Headquarters	**34,650,000**	-	-
102003260	Development programme	-	-	-
101003260	Administration Planning and Support Services	12,150,000	-	-
104003260	Agricultural Development Programme	22,500,000	-	-
	Livestock	**14,760,000**	-	-
105003260	Livestock and Fisheries Development	4,500,000	-	-
104003260	Agricultural Development Programme	-	-	-
102003260	Development programme	-	-	-
101003260	Administration Planning and Support Services	10,260,000	-	-
	Fisheries	**3,980,000**	-	-
105003260	Livestock and Fisheries Development	2,200,000	-	-
101003260	Administration Planning and Support Services	1,780,000	-	-
102003260	Development programme	-	-	-
	Veterinary	**13,740,000**	-	-
104003260	Agricultural Development Programme	-	-	-
102003260	Development programme	-	-	-
101003260	Administration Planning and Support Services	8,140,000	-	-
105003260	Livestock and Fisheries Development	5,600,000	-	-
	Agribusiness Project (EU Grant)	**19,124,929**	-	-
101003260	Administration Planning and Support Services	-	-	-
104003260	Agricultural Development Programme	-	-	-
105003260	Livestock and Fisheries Development	19,124,929	-	-
102003260	Development programme	-	-	-
	Kenya Climate Smart Agric Program	**302,087,156**	-	-
104003260	Agricultural Development Programme	-	-	-
1.001E+09	Water and irrigation Development Programme	-	-	-

Programme	Sub Programme	Approved Budget	Actual Expenditure as of 30th September 2022	Absorption (%)
105003260	Livestock and Fisheries Development	302,087,156	-	-
	Water	**12,563,197**	**3,000,000**	**24.0**
104003260	Agricultural Development Programme	-	-	-
105003260	Livestock and Fisheries Development	12,563,197	3,000,000	**24.0**
	Headquarters	-	-	-
105003260	Livestock and Fisheries Development	-	-	-
101003260	Administration Planning and Support Services	-	-	-
	Veterinary	-	-	-
105003260	Livestock and Fisheries Development	-	-	-
101003260	Administration Planning and Support Services	-	-	-
	Fisheries	-	-	-
101003260	Administration Planning and Support Services	-	-	-
105003260	Livestock and Fisheries Development	-	-	-
	Headquarters	**220,847,500**	-	-
1.001E+09	Water and irrigation Development Programme	198,100,000	-	-
1.002E+09	General Administration, Support and Support Services	22,747,500	-	-
	Water Services	-	-	-
1.002E+09	General Administration, Support and Support Services	-	-	-
1.001E+09	Water and irrigation Development Programme	-	-	-
	Bulk Water Project	-	-	-
1.001E+09	Water and irrigation Development Programme	-	-	-
	Ambulance services	**937,985,174**	-	-
1.001E+09	Water and irrigation Development Programme	937,985,174	-	-
	Public Health and Sanitation	-	-	-
1.001E+09	Water and irrigation Development Programme	-	-	-
	Promotion of primary healthcare	**3,400,000**	-	-
1.001E+09	Water and irrigation Development Programme	3,400,000	-	-
1.002E+09	General Administration, Support and Support Services	-	-	-
	Headquarters	**93,370,000**	-	-
502003260	Early childhood Education and Youth Training Development Programme	77,800,000	-	-
1.001E+09	Water and irrigation Development Programme	-	-	-
501003260	General Administration, Planning and Support services	15,570,000	-	-
	Polytechnics	**42,420,000**	-	-
501003260	General Administration, Planning and Support services	2,420,000	-	-
502003260	Early childhood Education and Youth Training Development Programme	40,000,000	-	-
	Early Childhood Development	**3,350,000**	-	-
501003260	General Administration, Planning and Support services	3,350,000	-	-
301003260	General Administration and support services programme	-	-	-
502003260	Early childhood Education and Youth Training Development Programme	-	-	-
	Library services	**1,700,000**	-	-
501003260	General Administration, Planning and Support services	1,700,000	-	-

Programme	Sub Programme	Approved Budget	Actual Expenditure as of 30th September 2022	Absorption (%)
502003260	Early childhood Education and Youth Training Development Programme	-	-	-
	Education Fund	**165,000,000**	**25,000,000**	**15.0**
502003260	Early childhood Education and Youth Training Development Programme	-	-	-
501003260	General Administration, Planning and Support services	165,000,000	25,000,000	**15.0**
	Energy	-	-	-
501003260	General Administration, Planning and Support services	-	-	-
502003260	Early childhood Education and Youth Training Development Programme	-	-	-
	Headquarters	**406,369,105**	-	-
402003260	Health Development Programme	165,937,800	-	-
706003260	General Administration, planning, Internal Audit & Support Services	-	-	-
401003260	Administration and Support Services	240,431,305	-	-
704003260	General Administration and Management of County Affairs	-	-	-
	Wesu Hospital	**5,280,698**	-	-
401003260	Administration and Support Services	5,280,698	-	-
	Moi Referral Hospital	**19,160,938**	-	-
401003260	Administration and Support Services	19,160,938	-	-
	Mwatate Hospital	-	-	-
401003260	Administration and Support Services	-	-	-
		-	-	-
401003260	Administration and Support Services	-	-	-
		3,604,609	-	-
401003260	Administration and Support Services	3,604,609	-	-
		-	-	-
401003260	Administration and Support Services	-	-	-
		-	-	-
401003260	Administration and Support Services	-	-	-
		4,627,612	-	-
401003260	Administration and Support Services	4,627,612	-	-
		8,691,940	-	-
401003260	Administration and Support Services	8,691,940	-	-
		2,950,552	-	-
401003260	Administration and Support Services	2,950,552	-	-
402003260	Health Development Programme	-	-	-
	Headquarters	**26,897,200**	-	-
302003260	Trade Development programme.	18,500,000	-	-
301003260	General Administration and support services programme	8,397,200	-	-
	Trade	**2,300,000**	-	-
301003260	General Administration and support services programme	1,300,000	-	-
302003260	Trade Development programme.	1,000,000	-	-
	Sports	-	-	-
301003260	General Administration and support services programme	-	-	-
302003260	Trade Development programme.	-	-	-

Programme	Sub Programme	Approved Budget	Actual Expenditure as of 30th September 2022	Absorption (%)
	Gender	-	-	-
302003260	Trade Development programme.	-	-	-
301003260	General Administration and support services programme	-	-	-
	Cooperative	**5,739,371**	-	-
301003260	General Administration and support services programme	4,739,371	-	-
302003260	Trade Development programme.	1,000,000	-	-
	Youth Development	-	-	-
302003260	Trade Development programme.	-	-	-
301003260	General Administration and support services programme	-	-	-
	Culture	-	-	-
302003260	Trade Development programme.	-	-	-
301003260	General Administration and support services programme	-	-	-
	Markets	**4,119,025**	-	-
301003260	General Administration and support services programme	4,119,025	-	-
		800,000	-	-
301003260	General Administration and support services programme	800,000	-	-
302003260	Trade Development programme.	-	-	-
	Weights and Measures	**1,557,316**	-	-
301003260	General Administration and support services programme	1,557,316	-	-
		-	-	-
302003260	Trade Development programme.	-	-	-
301003260	General Administration and support services programme	-	-	-
	Liquor Control and Licensing Fund	**4,000,000**	-	-
301003260	General Administration and support services programme	4,000,000	-	-
		9,143,795	-	-
302003260	Trade Development programme.	4,500,000	-	-
301003260	General Administration and support services programme	4,643,795	-	-
	Headquarters	**24,000,000**	-	-
703003260	Decentralised Infrastructure development programme	3,500,000	-	-
701003260	General Administration support services	20,500,000	-	-
	Headquarters	**8,010,000**	-	-
101003260	Administration Planning and Support Services	8,010,000	-	-
	ICT	-	-	-
101003260	Administration Planning and Support Services	-	-	-
103003260	Infrastructure Development programme	-	-	-
	Roads	**207,345,000**	-	-
102003260	Development programme	189,500,000	-	-
103003260	Infrastructure Development programme	-	-	-
101003260	Administration Planning and Support Services	17,845,000	-	-
	Housing	-	-	-
101003260	Administration Planning and Support Services	-	-	-

Programme	Sub Programme	Approved Budget	Actual Expenditure as of 30th September 2022	Absorption (%)
102003260	Development programme	-	-	-
103003260	Infrastructure Development programme	-	-	-
	Public Works	**13,795,000**	-	-
101003260	Administration Planning and Support Services	8,795,000	-	-
103003260	Infrastructure Development programme	-	-	-
102003260	Development programme	5,000,000	-	-
	Defunct Local Authorities	-	-	-
302003260	Trade Development programme.	-	-	-
103003260	Infrastructure Development programme	-	-	-
	Headquarters	**30,941,000**	-	-
1.003E+09	Natural Resources Support Programme	-	-	-
301003260	General Administration and support services programme	-	-	-
102003260	Development programme	9,500,000	-	-
101003260	Administration Planning and Support Services	21,441,000	-	-
	Mwatate Municipal Administration	**28,300,000**	**10,571,576**	**37.0**
101003260	Administration Planning and Support Services	-	-	-
102003260	Development programme	28,300,000	10,571,576	**37.0**
1.003E+09	Natural Resources Support Programme	-	-	-
		5,770,000	-	-
101003260	Administration Planning and Support Services	2,770,000	-	-
1.003E+09	Natural Resources Support Programme	-	-	-
102003260	Development programme	3,000,000	-	-
		5,935,200	-	-
101003260	Administration Planning and Support Services	5,935,200	-	-
102003260	Development programme	-	-	-
	Environment and Natural Resources	-	-	-
101003260	Administration Planning and Support Services	-	-	-
1.003E+09	Natural Resources Support Programme	-	-	-
		60,000,000	-	-
102003260	Development programme	60,000,000	-	-
103003260	Infrastructure Development programme	-	-	-
301003260	General Administration and support services programme	-	-	-
	Headquarters	**175,350,000**	-	-
301003260	General Administration and support services programme	175,350,000	-	-
1.003E+09	Natural Resources Support Programme	-	-	-
1.002E+09	General Administration, Support and Support Services	-	-	-
	Grand Total	**7,075,336,179**	**908,206,186**	**13.0**

Source: *Taita Taveta County Treasury*

Sub-programmes with high levels of implementation based on absorption rates were: Development programmes in the Mwatate Municipality Division at 37 per cent, General Administration Support services in the Department of Public Service & Administration at 27 per cent, Livestock and Fisheries development in the Department of Agriculture, Livestock and Fisheries at 24 per cent and General Administration Support services in the County Assembly at 17 per cent of budget allocation.

3.40.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.51.66 million against an annual projection of Kshs.400 million, representing 12.9 per cent of the annual target.
2. High level of pending bills which amounted to Kshs.1.16 billion as of 30th September 2022. This is despite the availability of cash in the CRF which stood at Kshs.86.46 million as at the end of the First Quarter of FY 2022/23.

The County should implement the following recommendations to improve budget execution;

1. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
2. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*

3.41 County Government of Tana River

3.41.1 Overview of FY 2022/23 Budget

The County had not approved the budget as of the end of the First Quarter of FY 2022/22. The draft budget for the FY 2022/23 is Kshs.7.94 billion, comprising Kshs.2.49 billion (31.3 per cent) and Kshs.5.45 billion (68.7 per cent) allocation for development and recurrent programmes, respectively. The draft budget estimate represents a decline of 6.4 per cent compared to the previous financial year when the approved first supplementary budget was Kshs.8.48 billion and comprised of Kshs.2.97 billion towards development expenditure and Kshs.5.51 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.53 billion (82.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.87.85 million (1.1 per cent) from its own sources of revenue, and a cash balance of Kshs.1.08 billion (13.6 per cent) from FY 2021/22. The County also expects to receive Kshs.244.71 million (3.1 per cent) as conditional grants, which consist of conditional grants from the national government: Supplement for constructing county headquarters of Kshs.104.0 million. In addition, the County has budgeted for conditional grants from other development partners, which consist of: the Kenya Climate Smart Agricultural Project (KCSAP) at Kshs.82.39 million, DANIDA-Universal Health Care in Devolved System Program at Kshs.12.34 million, Instruments for Devolution Advice and Support (IDEAS) at Kshs.14.73 million, Agricultural Sector Development Support Programs (ASDP)II at Kshs.20.26 million and Financing Locally-led Climate Action (FLLoCA) at Kshs.11.0 million.

3.41.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.08 billion as the equitable share of the revenue raised nationally, raised Kshs.7.32 million as own-source revenue and had a cash balance of Kshs.1.08 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.2.16 billion, as shown inTable 3-192.

Table 3-192: Tana River County, Revenue Performance in the First Quarter of FY 2022/23

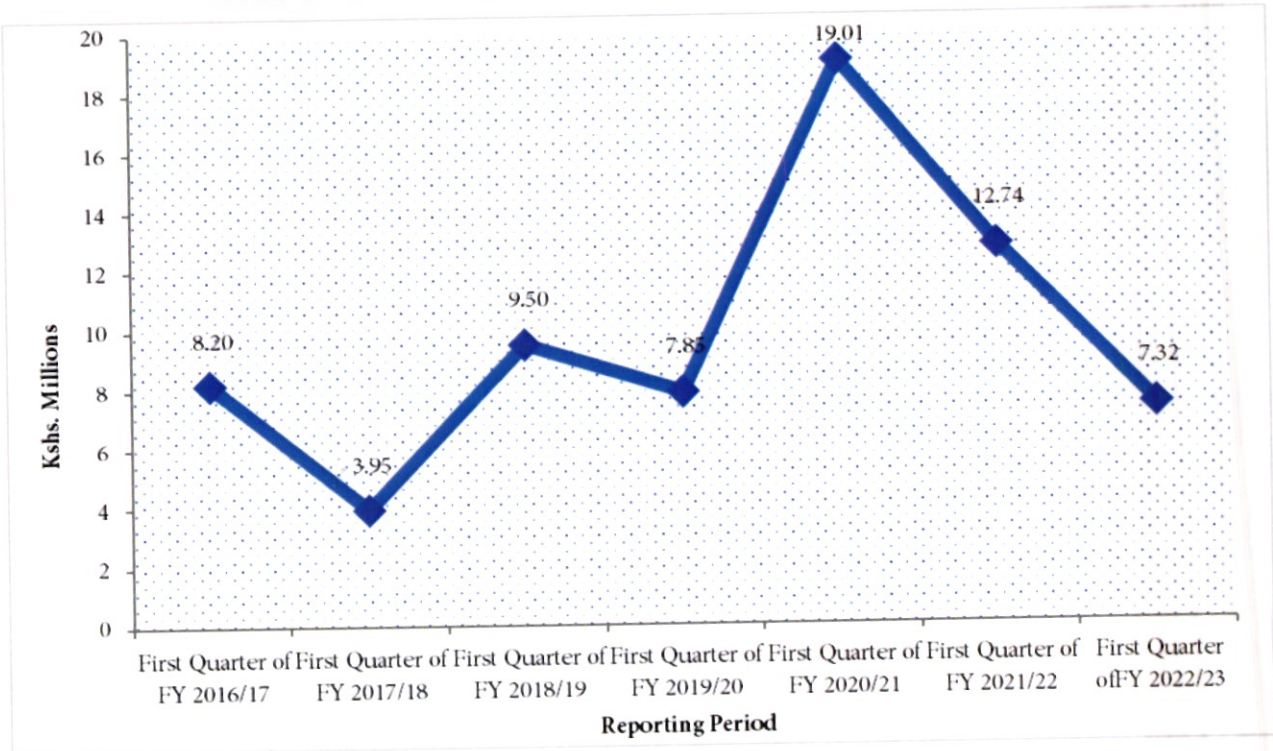
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,528,408,765	1,077,187,446	16.5
Sub Total		**6,528,408,765**	**1,077,187,446**	**16.5**
B	**Conditional Grants**			
1	Supplement for Construction of County headquarters	104,000,000	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
2	Kenya Climate Smart Agriculture Project	82,386,194	-	-
3	DANIDA (Universal Healthcare in Devolved System Program)	12,339,500	-	-
4	Instruments for Devolution Advice and Support	14,727,370	-	-
5	Agriculture Sector Development Support Program (ASDP II)	20,261,832	-	-
6	Financing Locally-Led Climate Action (FLLoCA)-County Climate Institutional Support (CCIS)	11,000,000	-	-
	Sub-Total	244,714,896	-	-
C	**Other Sources of Revenue**			
1	Own Source Revenue	87,846,000	7,323,600	8.3
2	Balance b/f from FY2021/22	1,080,234,257	1,080,234,257	100
Sub Total		**1,168,080,257**	**1,087,557,857**	**93.1**
Grand Total		**7,941,203,918**	**2,164,745,303**	**27.3**

Source: Tana River County Treasury

Figure 3-116 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

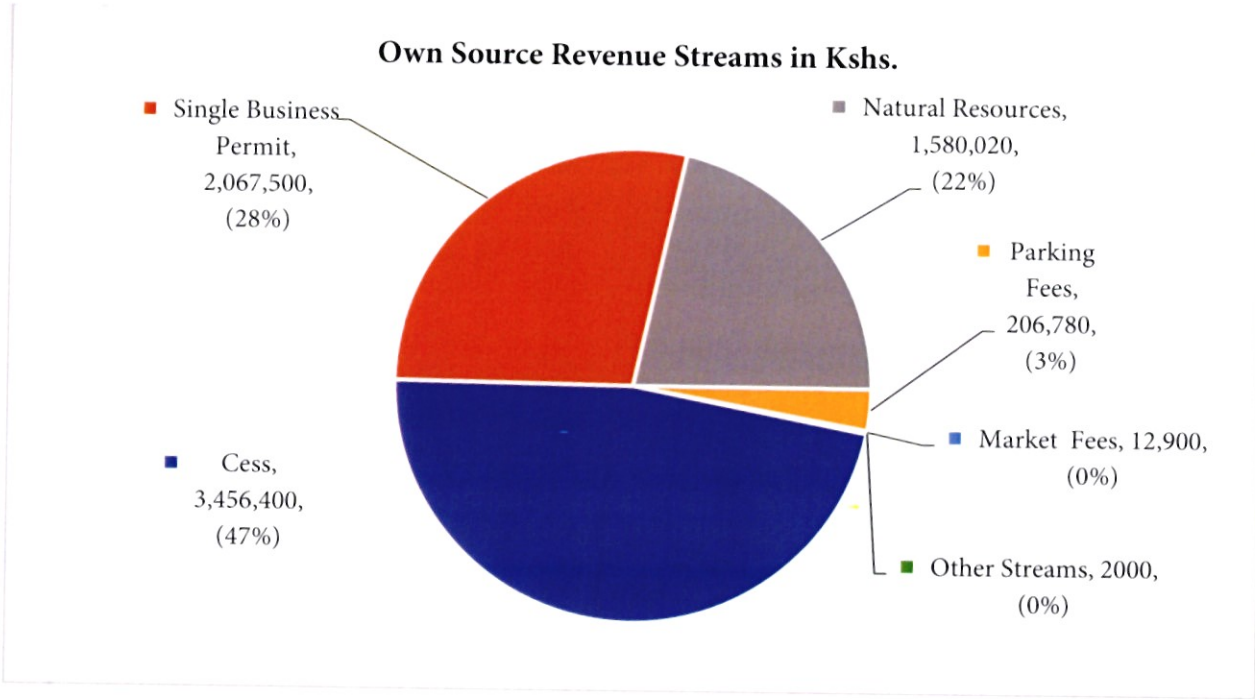
Figure 3-116: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Tana River County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.7.32 million as own-source revenue. This amount represented a decrease of 42.5 per cent compared to Kshs.12.74 million realised in a similar period in FY 2021/22 and was 8.3 per cent of the annual target and 0.4 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-117.

Figure 3-117: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23 (Kshs)



Source: Tana River County Treasury

The highest revenue stream was from Cess of Kshs.3.5 million, which contributed to 47 per cent of the OSR collected in the first quarter of FY 2022/23.

3.41.3 Exchequer Issues

The Controller of Budget did not approve any withdrawals from the CRF account during the reporting period. The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.2.16 billion.

3.41.4 County Expenditure Review

The County did not report any expenditure under this reporting period.

3.41.5 Settlement of Pending Bills

At the end of the reporting period, the County Treasury reported outstanding pending bills stock was Kshs.970.02 million.

3.41.6 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs. 7.32 million against an annual projection of Kshs. 87.85 million, representing 8.3 per cent of the annual target.
2. The County Assembly failed to Approve the budget on time as provided for under the PFM Act, 2012. The budget was approved in the second quarter of FY 2022/23, thus affecting the absorption of funds.

The County should implement the following recommendations to improve budget execution;

1. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
2. *The County leadership should take charge of the budget cycle and ensure the approval of the critical budget and planning documents are within the timelines in law.*

3.42 County Government of Tharaka Nithi

3.42.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.5.49 billion, comprising Kshs.1.82 billion (33.1 per cent) and Kshs.3.67 billion (66.9 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 0.7 per cent compared to the previous financial year when the approved budget was Kshs.5.53 billion and comprised of Kshs.1.99 billion towards development expenditure and Kshs.3.53 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.4.21 billion (76.7 per cent) as the equitable share of revenue raised nationally and generate Kshs.350 million (6.4 per cent) from its own sources of revenue. The County also expects to receive Kshs.925.80 million (16.9 per cent) as conditional grants, which include; DANIDA, ASDSP Grant, Supplement of Construction, Kenya Climate Smart Agriculture (KCSAP), ASDSP Grant, Kenya Informational Settlement Programme, Leasing of Medical Equipment, and Emergency Locust Response Project (ELRP). The County did not budget for an unspent cash balance from the previous financial year of Kshs.239.77 million.

3.42.2 Revenue Perform

In the First Quarter of FY 2022/23, the County received Kshs.765.72million as the equitable share of the revenue raised nationally, raised Kshs.37.69 million as own-source revenue, and had a cash balance of Kshs.239.80 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.04 billion, as shown in Table 3-193.

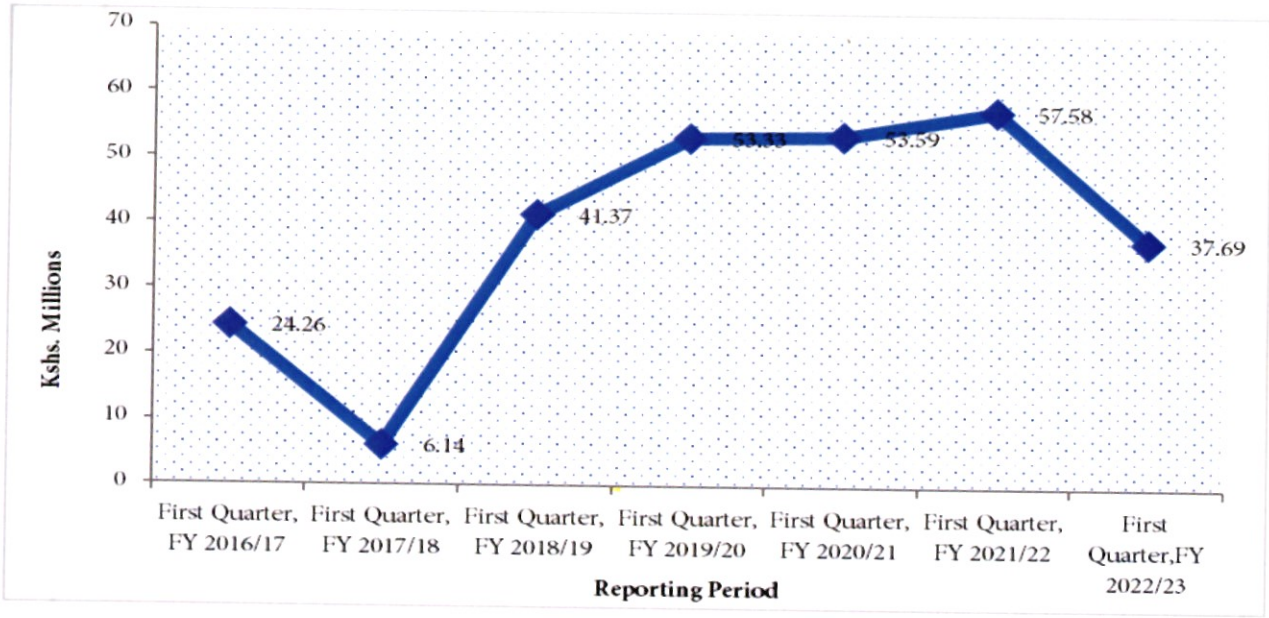
Table 3-193: Tharaka Nithi County, Revenue Performance in the First Quarter of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**4,214,198,393**	**765,721,482**	**18.2**
Sub Total		**4,214,198,393**	**765,721,482**	**18.2**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	350,000,000	37,693,881	10.8
2.	DANIDA	5,695,500	-	-
3.	Other conditional grants	258,830,637	-	-
4.	Supplement of Construction	76,000,000	-	-
5.	ASDSP Grant	16,230,461	-	-
6.	Kenya Climate Smart Agriculture (KCSAP)	350,000,000	-	-
7.	Kenya Informal Settlement Programme	20,000,000	-	-
8.	Leasing of Medical Equipment	153,297,872	-	-
9.	Emergency Locust Response Project (ELRP)	45,730,460	-	--
10.	Unspent balance from FY 2021/22	-	239,765,956	-
Sub Total		**1,230,054,470**	**277,459,837**	**21.7**
Grand Total		**5,489,983,323**	**1,043,181,319**	**19**

Source: Tharaka Nithi County Treasury

No conditional grants were disbursed in the First Quarter of FY 2022/23. Figure 3-118 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

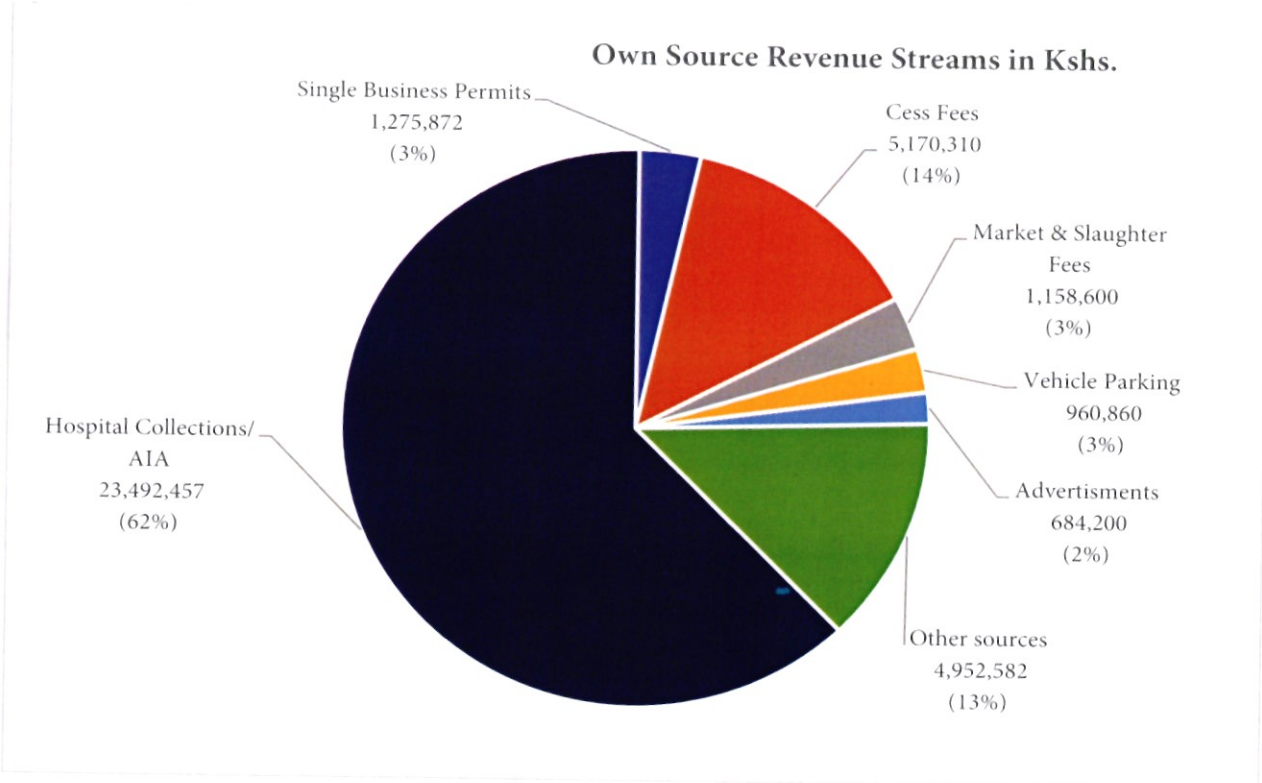
Figure 3-118: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Tharaka Nithi County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.37.69 million as own-source revenue. This amount represented a decrease of 34.5 per cent compared to Kshs.57.58 million realised in a similar period in FY 2021/22 and was 10.8 per cent of the annual target and 0.9 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-119.

Figure 3-119: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Tharaka Nithi County Treasury

The highest revenue stream was from Hospital Collections of Kshs.23.5 million, which contributed to 62 per cent of the OSR collected in the first quarter of FY 2022/23.

3.42.3 Exchequer Issues

The Controller of Budget approved Kshs.948.83 million in withdrawals from the CRF account during the reporting period, which was entirely for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.833.49 million for compensation to employees and Kshs.115.34 million for Operations and Maintenance expenditures.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.419.98 million.

3.42.4 County Expenditure Review

The County spent Kshs.927.46 million on recurrent programmes during the reporting period. This expenditure represented 97.7 per cent of the total funds released by the CoB and represented 16.9 per cent of the annual recurrent expenditure budget.

3.42.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.692.74 billion, which comprised Kshs.340.97 million for recurrent expenditure and Kshs.351.77 million for development activities. During the period under review, pending bills amounting to Kshs.3.53 million were settled for recurrent expenditure. Therefore, as of 30th September 2022, the outstanding pending bills were Kshs.689.21 million.

3.42.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.781.71 million on employee compensation and Kshs.85.82 million on operations. Similarly, the County Assembly spent Kshs.51.78 million on employee compensation and Kshs.8.14 million on operations and maintenance, as shown inTable 3-194.

Table 3-194: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**3,187,581,364**	**485,000,000**	**867,543,272**	**59,923,213**	**27.2**	**13.2**
Compensation to Employees	2,188,572,958	238,848,626	781,714,984	51,782,704	35.7	21.7
Operations and Maintenance	1,029,008,406	216,151,374	85,828,288	8,140,509	8.3	3.8
Development Expenditure	**1,787,401,959**	**30,000,000**	-	-	-	-
Total	**4,974,983,323**	**485,000,000**	**867,543,272**	**59,923,213**	**17.4**	**12,4**

Source: Tharaka Nithi County Treasury

3.42.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.833.50 million was 79.9 per cent of the realised revenue of Kshs.1.04 billion and included Kshs.495.57 million attributable to the health sector, which translated to 59.4 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.760.41 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.73.41 million. The manual payroll amounted to 8.8 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD

system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly spent Kshs.607,100 on committee sitting allowances for the 23 MCAs and the Speaker against the annual budget allocation of Kshs.86.16 million, which was 1.2 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.8,432 per MCA. The County Assembly has established 18 Committees. No bills or policy documents were processed in the reporting period.

3.42.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.83.56 million to county-established funds in FY 2022/23, constituting 15.2 per cent of the County's overall budget for the year. Table 3-195 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-195: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Emergency Fund	15,000,000	-	-	Yes
2.	Education Scholarship	18,560,000	-	-	Yes
3.	Women and Youth Empowerment Fund	20,200,000	-	-	Yes
County Assembly Established Funds					
4.	Mortgages and car loans	30,000,000	-	-	No
	Total	**83,560,000**	-	-	

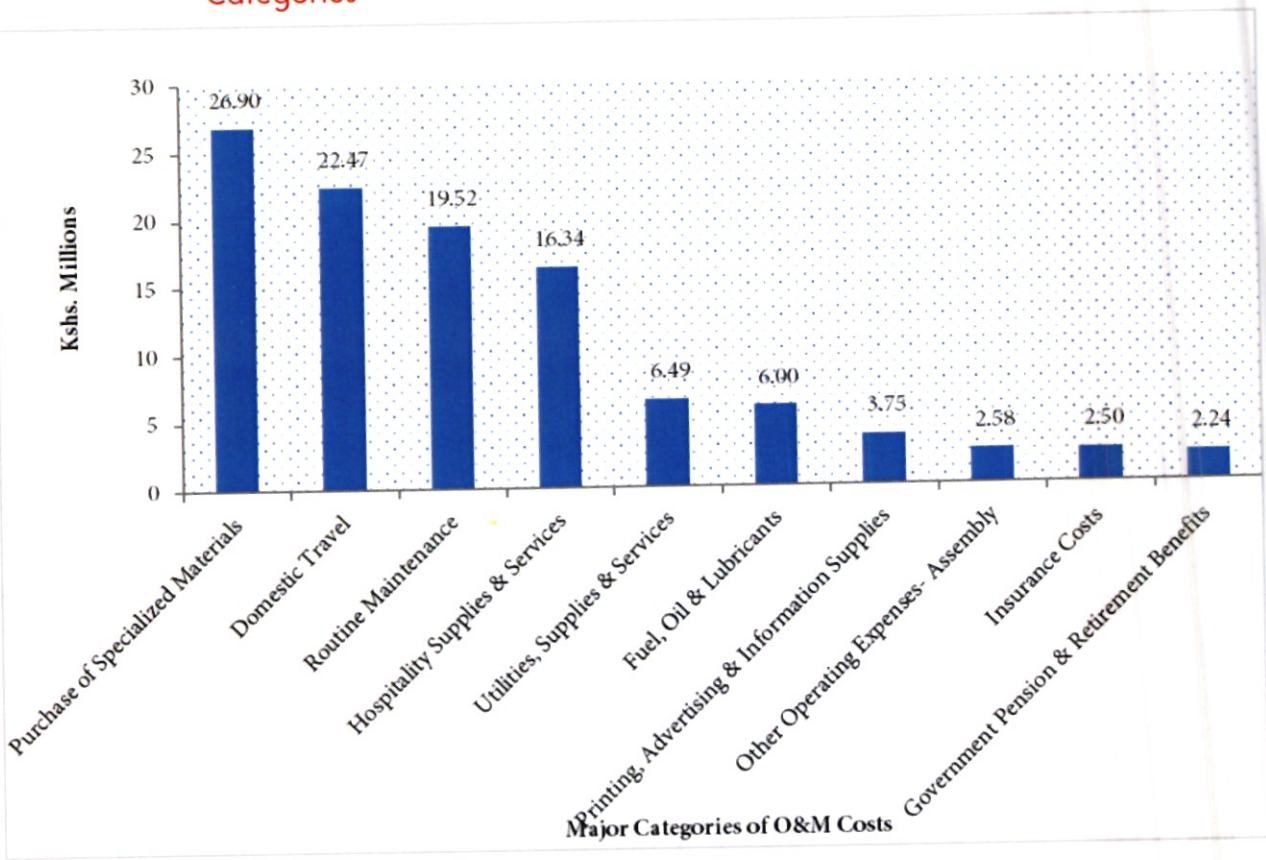
Source: *Tharaka Nithi County Treasury*

The OCoB did not receive quarterly financial returns from the Fund Administrator of the County Assembly Mortgages and Car Loans Fund as indicated in Table 3-195, which is against the requirement of Section 168 of the PFM Act, 2012.

3.42.9 Expenditure on Operations and Maintenance

Figure 3-120 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-120: Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories



Source: *Tharaka Nithi County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.22.47 million and comprised of Kshs.16.19 million spent by the County Assembly and Kshs.6.28 million by the County Executive. The "other operating expenses" are costs incurred by the County Assembly to the staff at Ward offices.

3.42.10 Development Expenditure

In the First Quarter of FY 2022/23, the County did not report any expenditure on development programmes.

3.42.11 Budget Performance by Department

Table 3-196 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-196: Tharaka Nithi County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor and Deputy Governor	142.27	-	26,94	-	26.86	-	99.7	-	18.9	-
Roads, Infrastructure, public works and ICT	130.54	455.61	33.19	-	33.14	-	99.8	-	25.4	-
Medical Services	1,451.34	100.38	444.25	-	444.17	-	100	-	30.6	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands, Physical planning Urban Development, Environment and Natural Resources	57.67	47.00	16.49	-	13.03	-	79.0	-	22.6	-
Agriculture, C0-operatives and Industry	126.14	469.68	34.44	-	34.33	-	99.7	-	27.2	-
Public Administration and Devolution Affairs	122.84	-	40.46	-	33.82	-	83.6	-	27.5	-
Education and Vocational Training	203.14	45.11	54.22	-	53.30	-	98.3	-	26.2	-
Trade and Revenue	107.61	-	30.67	-	30.67	-	100	-	28.5	-
Finance and Economic planning	292.01	263.77	61.05	-	60.89	-	99.7	-	20.9	-
Water services and Irrigation	51.19	100.00	11.20	-	11.20	-	100	-	21.9	-
County Service Board	25.33	-	5.08	-	5.07	-	99.9	-	20.0	-
Energy and Housing	38.75	81.00	5.91	-	5.76	-	97.7	-	14.9	-
Public Health and Sanitation	306.41	153.30	85.44	-	85.19	-	99.7	-	27.8	-
Youth, Sports, Culture and Tourism	45.82	25.93	7.18	-	7,09	-	98.8	-	15.5	-
Livestock, Veterinary and Fisheries Development	86.44	45.63	23.02	-	22.95	-	99.7	-	26.6	-
County Assembly	485.00	30.00	69.39	-	59.78	-	86.1	-	12.3	-
Total	**3,672.50**	**1,817.40**	**948.83**	**-**	**927.46**	**-**	**97.7**	**-**	**25.2**	**-**

Source: *Tharaka Nithi County Treasury*

Analysis of expenditure by department shows that the Department of Medical Services had the highest percentage of recurrent expenditure to budget at 30.6 per cent while the County Assembly had the lowest at 12.3 per cent.

Recurrent expenditure ceilings set by CARA, 2022 were Kshs.434.74 million and Kshs.524.17million for the County Assembly and County Executive respectively. The allocation for recurrent expenditure for the County Assembly is above the CARA, 2022 ceilings by Kshs.50.25 million (after considering exempted expenditure), while the County Executive recurrent expenditure is within the ceilings in CARA, 2022.

3.42.12 Budget Execution by Programmes and Sub-Programmes

Table 3-197 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-197: Tharaka Nithi County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
County Assembly					
General administration, Finance and Planning	Finance Management Services	83,114,618	183,000	82,931,618	0.22
	Management of County Assembly Affairs	202,761,563	39,914,656	162,846,907	19.69
	Administrative Services	6,467,500	-	6,467,500	0.00

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
County legislation and oversight services	County Assembly Legislation	152,079,602	16,885,048	135,194,554	11.10
	Coordination & Supervisory Services	35,036,717		35,036,717	0.00
	Procedure & Oversight Services	35,540,000	2,800,000	32,740,000	7.88
		515,000,000	**59,782,704**	**455,217,296**	**11.61**
Office of Governor and Deputy Governor					
County Government Advisory Services	Communication and Strategy	11,100,000	721,200	10,378,800	6.50
County Leadership and Coordination of MDAs	Coordination of CMAs (Office of County Secretary)	5,650,000	1,066,480	4,583,520	18.88
	Public Sector Advisory Services (Legal, Political, and Economic Affairs)	19,000,000	140,080	18,859,920	0.74
General Administration, Planning and Support Services	Coordination and Supervisory Services (Deputy Governor's Office)	15,350,000	1,338,650	14,011,350	8.72
	Management of County Affairs (Office of Governor)	91,175,700	23,598,871	67,576,829	25.88
		142,275,700	**26,865,281**	**115,410,419**	**18.88**
Roads, Infrastructure, Public Works and ICT					
General Administration Planning and Support Services	General Administration Services	165,599,200	15,122,068	150,477,132	9.13
Kathwana Municipality Development Programme	Kathwana Urban Area Support	7,340,200	2,384,706	4,955,494	32.49
Public Works and Housing Services	Public Works Services	3,550,000	-	3,550,000	0.00
Roads Transport	Rural Roads Improvement and Maintenance Services	364,658,410	11,046,300	353,612,110	3.03
Urban Development and Administration	Urban Administrative Services	45,000,000	4,592,760	40,407,240	10.21
		586,147,810	**33,145,834**	**553,001,976**	**5.65**
Medical Services					
Curative and Rehabilitative Services	Laboratory Services	45,000,000	462,600	44,537,400	1.03
	Medical Supplies	173,000,000	26,553,727	146,446,273	15.35
General Administration Planning and Support Services	General Administration Services	198,313,787	6,788,560	191,525,227	3.42
	Human resource management	1,135,413,400	410,373,369	725,040,031	36.14
		1,551,727,187	**444,178,256**	**1,107,548,931**	**28.62**
Lands, Physical Planning, Urban Development, Environment and Natural Resources					
Environment and Natural Resources Management	Environment and Natural Resource	30,429,600	4,419,086	26,010,514	14.52
Land Policy and Planning	Land administration & management	4,688,700	151,280	4,537,420	3.23
	Physical Planning Services	69,558,000	8,464,498	61,093,502	12.17
		104,676,300	**13,034,864**	**91,641,436**	**12.45**
Agriculture, Cooperatives and Industry					
Cooperative Development and Management	Cooperative Development	3,493,683	-	3,493,683	0.00
Crop Development and Management	Crops Development, Agribusiness and Market Development	457,890,290	-	457,890,290	0.00

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
General Administration Planning and Support Services	Administration, Policy, Strategy and Management of Agriculture	134,437,627	34,332,472	100,105,155	25.54
		595,821,600	**34,332,472**	**561,489,128**	**5.76**
Public Administration and Devolution Affairs					
County Government Advisory Services	Disaster Management and Coordination	1,850,000	186,000	1,664,000	10.05
General Administration, Planning and Support Services	General Administration and Support Services	113,994,890	33,254,913	80,739,977	29.17
	Human Resource Management Services	3,100,000	16,550	3,083,450	0.53
	Sub-County Administration and Field Services	3,900,000	364,200	3,535,800	9.34
		122,844,890	**33,821,663**	**89,023,227**	**27.53**
Education and Vocational Training					
Education and Youth Training	Promotion of Basic Education (ECDE)	57,938,765	-	57,938,765	0.00
	Youth Training and Capacity Building	35,873,835	-	35,873,835	0.00
General Administration Planning and Support Services	Administration Planning and Support Services	154,444,800	53,301,504	101,143,296	34.51
		248,257,400	**53,301,504**	**194,955,896**	**21.47**
Trade and Revenue					
General Administration, Planning and Support Services	General Administration and Support Services	91,601,500	30,676,858	60,924,642	33.49
Industrial Development and Investment	Industrial Development	6,400,000	-	6,400,000	0.00
Trade Development and promotion	Consumer Protection & Fair Trade Practices	9,610,000	-	9,610,000	0.00
		107,611,500	**30,676,858**	**76,934,642**	**28.51**
Finance and Economic Planning					
Economic Policy and County Planning	County Statistics Services	2,400,000	454,200	1,945,800	18.93
	Economic Development, Planning and Coordination Services	2,400,000	-	2,400,000	0.00
	Monitoring and Evaluation Services	2,350,000	-	2,350,000	0.00
Financial Management Services	Accounting Services	3,500,000	458,800	3,041,200	13.11
	Audit Services	3,500,000	593,500	2,906,500	16.96
	Budget Formulation and Coordination	3,750,000	42,000	3,708,000	1.12
	Supply Chain Management Services	1,900,000	53,760	1,846,240	2.83
General Administration, Planning and Support Services	General Administration and Support Services	263,769,540	-	263,769,540	0.00
	Human Resource Management Services	258,919,900	58,605,912	200,313,988	22.63
Resource mobilisation	Revenue Administration	13,300,000	684,400	12,615,600	5.15
		555,789,440	**60,892,572**	**494,896,868**	**10.96**
Water Services and Irrigation					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Water Supply Services	Domestic Water Services	108,765,250	10,930,700	97,834,550	10.05
	Irrigation and Drainage Services	41,169,390	156,250	41,013,140	0.38
	Water Storage Services	1,265,110	117,650	1,147,460	9.30
		151,199,750	**11,204,600**	**139,995,150**	**7.41**
County Public Service Board					
Economic Policy and County Planning	Monitoring and Evaluation Services	160,000	160,000	-	100
Financial Management Services	Monitoring and Evaluation Services	874,900	37,600	837,300	4.30
General Administration, Planning and Support Services	General Administration and Support Services	21,598,000	4,235,146	17,362,854	19.61
Human Resource Management and Development	County Public Service Board Services	2,700,500	541,880	2,158,620	20.07
		25,333,400	**5,079,126**	**20,254,274**	**20.05**
Energy and Housing					
Energy Resource Development & Management	Energy Resource Development & Management	81,000,000	-	81,000,000	0.00
General Administration Planning and Support Services	General Administration Services	19,959,380	5,367,700	14,591,680	26.89
ICT Infrastructure Development	ICT Infrastructure Development	18,800,000	399,040	18,400,960	2.12
		119,759,380	**5,766,740**	**113,992,640**	**4.82**
Public Health and Sanitation					
Preventive and Promotive Health Services	Disease Surveillance	6,000,000	-	6,000,000	0.00
	Environmental Health Services	32,987,000	-	32,987,000	0.00
	Health Promotion and Disease Control	414,321,272	85,199,359	329,121,913	20.56
	HIV and AIDS Support Services	3,900,000	-	3,900,000	0.00
	Reproductive Maternal and Child Health Services	2,500,000	-	2,500,000	0.00
		459,708,272	**85,199,359**	**374,508,913**	**18.53**
Youth, Sports, Culture and Tourism					
Culture, Arts and Social Services	Culture and Arts Promotion	28,556,370	755,277	27,801,093	2.64
	Gender, PWDs and Social Services	8,602,200	-	8,602,200	0.00
Sports Development and Promotion	Athletics Championships and Other Games	1,765,910	-	1,765,910	0.00
	County Football League and Clubs Development	1,489,480	-	1,489,480	0.00
	Talent Search and Promotion	27,959,600	6,214,828	21,744,772	22.23
Tourism Development and Promotion	Miss Tourism Tharaka Nithi	1,997,550	123,700	1,873,850	6.19
	Tourism Branding and Marketing	1,386,490	-	1,386,490	0.00
		71,757,600	**7,093,805**	64,663,795	9.89
				-	
Livestock, Veterinary and Fisheries Development					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Livestock and Fisheries Resource Management and Development	Fisheries Development and Promotion	20,566,316	-	20,566,316	0.00
	Livestock Policy Development and Capacity Building	81,875,598	22,910,488	58,965,110	27.98
	Veterinary Services and Disease Prevention	29,631,180	39,850	29,591,330	0.13
		132,073,094	**22,950,338**	109,122,756	17.38
		5,489,983,322.86	**927,325,976.17**	**4,562,657,347**	**16.89**

Source: *Tharaka Nithi County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Monitoring and Evaluation services in the County Public Service Board at 100 per cent, Human Resource Management in the Department of Medical Services at 36.1 per cent, Administration, Planning and support services at the Department of Education and Vocational Training at 34.5 per cent, and General Administration and Support Services at33.4 per cent of budget allocation in the Department of Trade and Revenue Mobilization.

3.42.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.37.69 million against an annual projection of Kshs.350 million, representing 10.8 per cent of the annual target.
2. Failure by Fund Administrator of the County Assembly Car and Mortgage Fund to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012.
3. High level of pending bills which amounted to Kshs.689.21 million as of 30th September 2022. This is despite the availability of cash in the CRF which stood at Kshs.419.98 million at the end of the First Quarter of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.73.41million were processed through the manual payroll and accounted for 8.8 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. Failure to budget for the unspent cash balances from the previous financial year which amounted to Kshs.239.77 million.

The County should implement the following recommendations to improve budget execution.

1. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The County is advised to prepare a supplementary budget in order to budget for the unspent cash balance from the previous financial year.*

3.43 County Government of Trans Nzoia

3.43.1 Overview of FY 2022/23 Budget

The County's Approved budget for the FY 2022/23 is Kshs.8.68 billion, comprising Kshs.3.37 billion (38.8 per cent) and Kshs.5.31 billion (61.2 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 6.2 per cent compared to the previous financial year when the approved budget was Kshs.9.25 billion and comprised of Kshs.4.02 billion towards development expenditure and Kshs.5.23 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.19 billion (82.8 per cent) as the equitable share of revenue raised nationally, generate Kshs.629.50 million (7.2 per cent) from its own sources of revenue. The County also expects to receive Kshs.867.98 million (10.0 per cent) as conditional grants, which consist of Kshs.298.66 million (3.4 per cent) as National Agricultural and Rural Inclusive Growth Project, Kshs.80.44 million (0.9 per cent) as Transforming Health Systems for Universal Care Project, Kshs.12.76 million (0.1 per cent) as DANIDA Grant, Kshs.153.30 million (1.8 per cent) as Leasing of Medical Equipment, Kshs.21.53 million (0.2 per cent) as Agricultural Sector Development Support Programme II, Kshs.105.80 million (1.2 per cent) as Kenya Devolution Support Project (KDSP) " Levels 2 grants", Kshs.50.00 million (0.6 per cent) as KISIP II, Kshs.145.50 million (1.7 per cent) as Financing Locally Led Climate Action.

3.43.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.19 billion as the equitable share of the revenue raised nationally, raised Kshs.101.70 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.29 billion, as shown in Table 3-198.

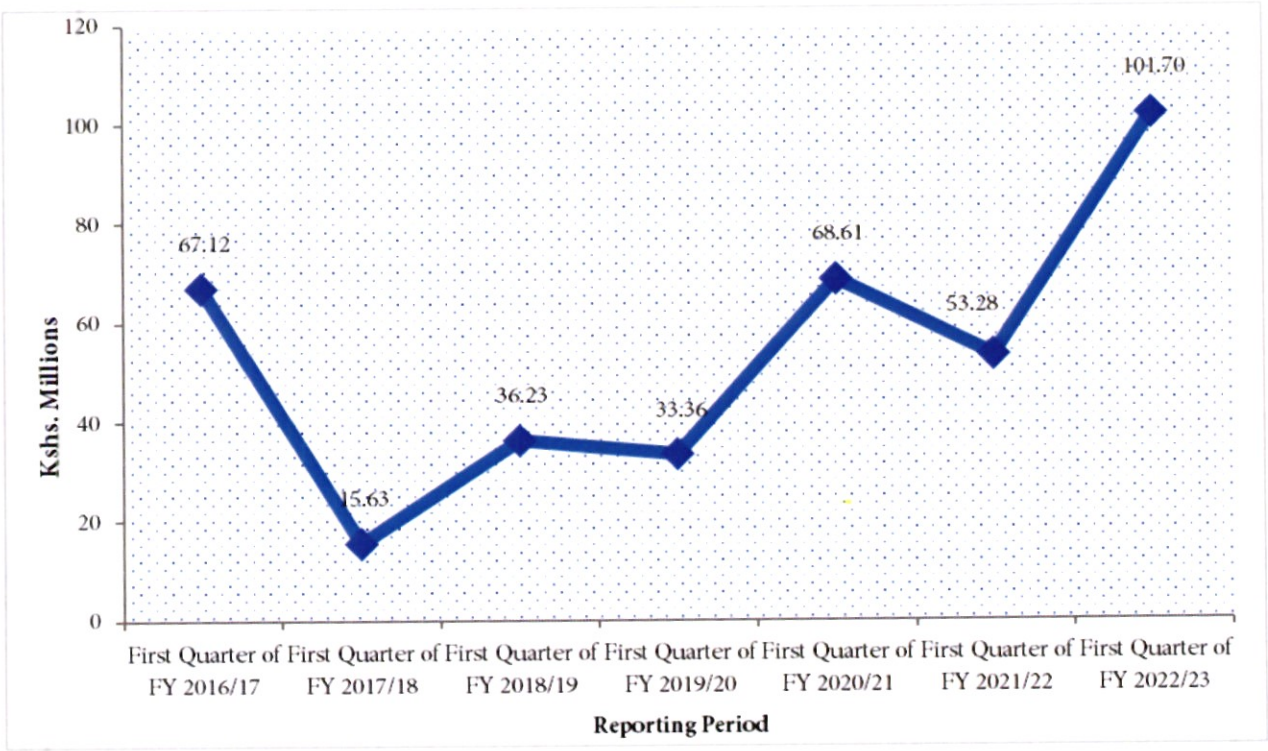
Table 3-198: Trans Nzoia County, Revenue Performance in the First Quarter of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	7,186,157,670	1,185,716,016	16.5
Sub Total	**7,186,157,670**	**1,185,716,016**	**16.5**	
B	**Other Sources of Revenue**			
5.	Own Source Revenue	629,500,000	101,696,395	16.2
6.	IDA (World Bank) Credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	298,658,950	-	-
7.	Transforming HealthCare Systems for Universal Care Project (WB)	80,437,623	-	-
8.	DANIDA Grant (Universal Healthcare in Devolved System Program)	12,762,750	-	-
9.	Leasing of Medical Equipment	153,297,872	-	-
10.	Agricultural Sector Development Support Programme (ASDSP) II	21,525,084	-	-
11.	IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) " Levels 2 grants"	105,802,077	-	-
12.	Kenya Informal Settlement Improvement Project II	50,000,000	-	-
	Financing Locally Led Climate Action	145,500,000	-	-
Sub Total		**1,497,484,356**	**101,696,395**	**16.2**
Grand Total		**8,683,642,026**	**1,287,412,411**	**14.8**

Source: Trans Nzoia County Treasury

The conditional grants were not disbursed during the period under review.Figure 3-121 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

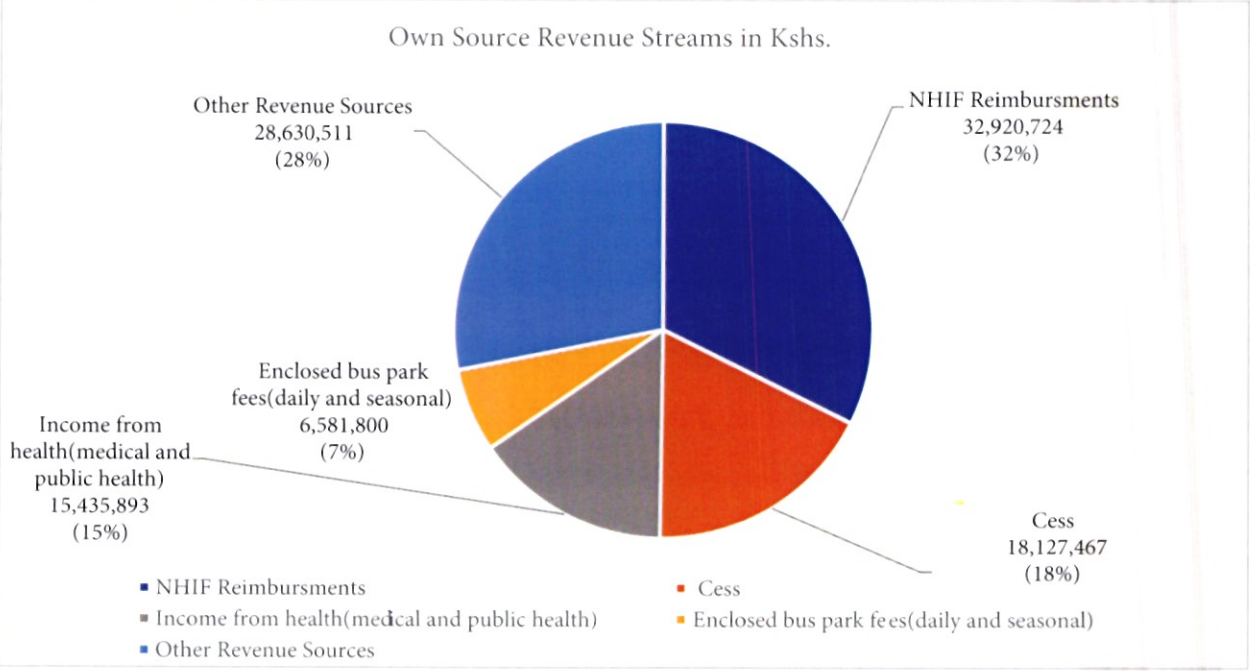
Figure 3-121: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Trans Nzoia County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.101.70 million as own-source revenue. This amount represented an increase of 74.1 per cent compared to Kshs.58.43 million realised in a similar period in FY 2021/22 and was 16.2 per cent of the annual target and 8.6 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-122.

Figure 3-122: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23 (Kshs. Million)



Source: Trans Nzoia County Treasury

The highest revenue stream was from NHIF Reimbursement of Kshs.32.9 million, which contributed to 32 per cent of the OSR collected in the first quarter of FY 2022/23

3.43.3 Exchequer Issues

The Controller of Budget approved Kshs.1.12 billion in withdrawals from the CRF account during the reporting period. The amount comprised Kshs.39.92 million (3.5 per cent) for development programmes and Kshs.1.08 billion (96.5 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.924.76 million for compensation to employees, Kshs.36.87 million for Operations and Maintenance expenditure and Kshs.39.92 million for development expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.717 million.

3.43.4 County Expenditure Review

The County spent Kshs.1.03 billion on development and recurrent programmes during the reporting period. This expenditure represented 92.0 per cent of the total funds released by the CoB and was entirely spent on recurrent expenditure. The recurrent expenditure represented 19.5 per cent of the annual recurrent expenditure budget.

3.43.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.1.19 billion which comprised Kshs.513.31 million for recurrent expenditure and Kshs.673.36 million for development activities. During the period under review, pending bills amounting to Kshs.168.49 million were settled, which was entirely for recurrent expenditure programmes. Therefore, as of 30th September 2022, the outstanding pending bills were Kshs.1.02 billion.

3.43.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.764.48 million on employee compensation and Kshs.178.05 million on operations and maintenance. Similarly, the County Assembly spent Kshs.91.84 million on employee compensation, as shown inTable 3-199.

Table 3-199: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,637,864,276**	**676,650,593**	**942,533,245**	**91,838,836**	**20.3**	**13.6**
Compensation to Employees	2,954,740,787	300,500,593	764,478,810	91,838,836	25.9	30.6
Operations and Maintenance	1,683,123,489	376,150,000	178,054,435	-	10.6	0.0
Development Expenditure	**3,084,477,157**	**284,650,000**	-	-	**0.0**	**0.0**
Total	**7,722,341,433**	**961,300,593**	**942,533,245**	**91,838,836**	**12.2**	**9.6**

Source: Trans Nzoia County Treasury

3.43.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.856.32 million was 26.3 per cent of the First Quarter realised revenue attributed to Compensation of employees of Kshs.3.26 billion and included Kshs.341.27 million attributable to the health sector, translating to 39.9 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.810.92 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.45.40 million. The manual payroll amounted to 6.2 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly spent Kshs.0.3 million on committee sitting allowances for the 39 MCAs and the Speaker against the annual budget allocation of Kshs.50.85 million, which was 0.3 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.2,500 per MCA.

3.43.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.89.79 million to county-established funds in FY 2022/23, constituting 1 per cent of the County's overall budget for the year. Table 3-200 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-200: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
	Trans-Nzoia County Elimu Bursary Fund	50,000,000	-	-	No.
	Trans Nzoia County Car and Mortgage Fund	6,500,000	-	-	No.
County Assembly Established Funds					
	Trans County Assembly Members and Staff Car Loan and Mortgage Fund	33,292,734	-	-	No.
	Total	**89,792,734**			

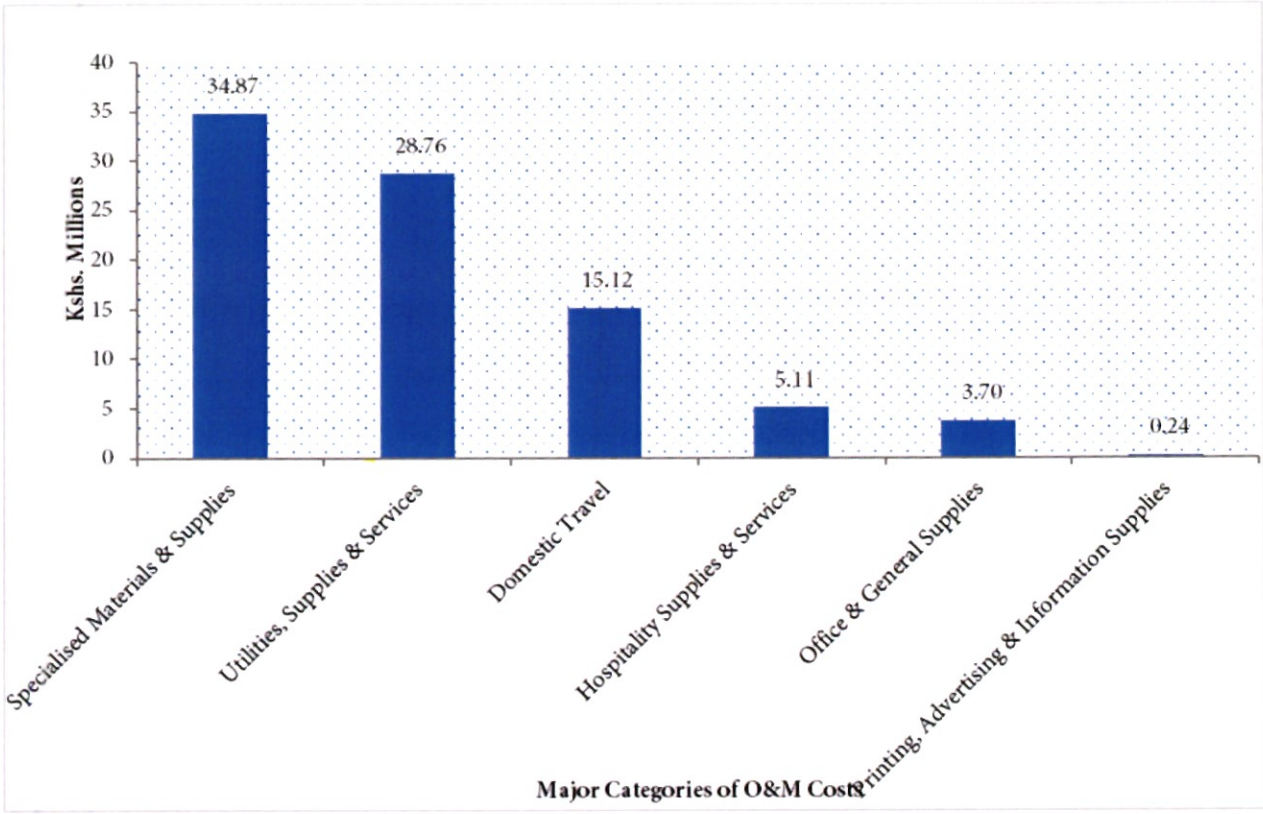
Source: *Trans Nzoia County Treasury*

The OCoB did not receive quarterly financial returns from Fund Administrators of the established county funds as indicated in Table 3-200, which is against the requirement of Section 168 of the PFM Act, 2012.

3.43.9 Expenditure on Operations and Maintenance

Figure 3-123 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-123: Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories



Source: *Trans Nzoia County Treasury*

During the period, the County Executive's expenditure on domestic travel amounted to Kshs.15.12 million.

3.43.10 Development Expenditure

The County did not report any expenditure on development programmes despite having a development budget of Kshs.3.37 billion in the reporting period.

3.43.11 Budget Performance by Department

Table 3-201 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-201: Trans Nzoia County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture	243.28	528.52	59.73	33.55	73.49	-	123.0	-	30.2	-
Livestock	32.95	73.52	-	-	-	-	-	-	-	-
Trade, Commerce	63.41	97.26	8.98	-	4.02	-	44.8	-	6.3	-
Water, Env and Natural Resources	98.49	462.50	18.54	-	35.74	-	192.8	-	36.3	-
Public Works, Transport	201.94	417.88	29.97	-	19.65	-	65.6	-	9.7	-
Health Corporate	1,902.96	607.89	601.58	6.38	376.14	-	62.5	-	19.8	-
Lands, Housing	67.54	130.48	12.66	-	5.17	-	40.9	-	7.7	-
Municipality Board of Kitale	70.50	59.26	-	-	-	-	-	-	-	-
Gender, Sports, Culture	55.71	140.34	9.17	-	31.84	-	347.3	-	57.1	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governance	151.53	10.00	-	-	4.29	-	-	-	2.8	-
Public Service Management	576.93	148.13	85.44	-	66.00	-	77.2	-	11.4	-
County Public Service Board	83.15	13.47	-	-	6.95	-	-	-	8.4	-
Education, ICT	490.65	152.66	100.16	-	99.09	-	98.9	-	20.2	-
Finance	470.86	222.30	35.41	-	219.37	-	619.4	-	46.6	-
Economic Planning	46.69	20.30	-	-	0.79	-	-	-	1.7	-
County Attorney	81.25	-	-	-	-	-	-	-	-	-
County Assembly	676.65	284.65	123.34	-	91.84	-	74.5	-	13.6	-
TOTAL	**5,314.51**	**3,369.13**	**1,084.97**	**39.93**	**1,034.37**	**-**	**95.3**	**-**	**19.5**	**-**

Source: *Trans Nzoia County Treasury*

Analysis of expenditure by department shows that the Department of Gender, Sports, and Culture had the highest percentage of recurrent expenditure to budget at 57.1 per cent, while the County Attorney, the Municipality Board of Kitale, and the Department of Livestock did not report any expenditure.

3.43.12 Budget Execution by Programmes and Sub-Programmes

Table 3-202 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-202: Trans Nzoia County, Budget Execution by Programmes and Sub-Programmes

	Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
			A	B	C=A-B	D=B/A*100
Agriculture, Livestock			**878,263,980**	**73,488,779**	**804,775,201**	**8.4**
P1	**Crop Development**		**602,032,234**	-	**602,032,234**	-
	Sp1.1	Crop Diversification	528,517,155	-	528,517,155	-
	Sp1.2	Post-harvest management and value addition	73,515,079	-	73,515,079	-
P2	**Administrative and Support Services**		**276,231,746**	**73,488,779**	**202,742,967**	**26.6**
	Sp2.1	Administrative and Support Services	276,231,746	73,488,779	202,742,967	26.6
Trade, Commerce and Industry			**160,670,966**	**4,018,526**	**156,652,440**	**2.5**
P1	**Medium and small Enterprises**		**97,257,025**	-	**97,257,025**	-
	Sp1.1	Medium and small Enterprises	97,257,025	-	97,257,025	-
P2	**Administrative and Support Services**		**63,413,941**	**4,018,526**	**59,395,415**	**6.3**
	Sp2.1	Administrative And Support Services	63,413,941	4,018,526	59,395,415	6.3

	Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
			A	B	C=A-B	D=B/A*100
Water, Environment and Natural Resources			**560,993,684**	**35,736,917**	**525,256,767**	**6.4**
P1	**Environment management and protection**		**462,499,115**	-	**462,499,115**	-
	Sp1.1	Waste Management	462,499,115	-	462,499,115	-
P2	**Administrative And Support Services**		**98,494,569**	**35,736,917**	**62,757,652**	**36.3**
	Sp2.1	Administrative and Support Services	98,494,569	35,736,917	62,757,652	36.3
Public Works, Roads and Infrastructure			**619,817,449**	**19,653,058**	**600,164,391**	**3.2**
P1	**Road Construction and Road Maintenance**		**417,879,580**	-	**417,879,580**	-
	Sp1.1	Maintenance of Roads	417,879,580	-	417,879,580	-
P2	**Administrative and Support Services**		**201,937,869**	**19,653,058**	**182,284,811**	**9.7**
	Sp2.1	Administrative and Support Services	201,937,869	19,653,058	182,284,811	9.7
Lands, Housing and Urban Planning			**198,021,203**	**5,173,757**	**192,847,446**	**2.6**
P1	**Administrative and Support Services**		**198,021,203**	**5,173,757**	**192,847,446**	**2.6**
	Sp1.1	Administrative And Support Services	198,021,203	5,173,757	192,847,446	2.6
Gender, Sports, Culture and Tourism			**196,049,082**	**31,835,578**	**164,213,504**	**16.2**
P1	**Culture development and promotion**		**140,341,180**	-	**140,341,180**	-
	Sp1.1	Culture development	140,341,180	-	140,341,180	-
P2	**Administrative and Support Services**		**55,707,902**	**31,835,578**	**23,872,324**	**57.1**
	Sp2.1	Administrative and Support Services	55,707,902	31,835,578	23,872,324	57.1
Public Service Management			**725,059,978**	**66,003,135**	**659,056,843**	**9.1**

	Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
			A	B	C=A-B	D=B/A*100
P1	**Infrastructure Development**		**148,127,077**	-	**148,127,077**	-
	Sp1.1	Supervision and Management of Projects	148,127,077	-	148,127,077	-
P2	**Administrative and Support Services**		**576,932,901**	**66,003,135**	**510,929,766**	**11.4**
	Sp2.1	Administrative and Support Services	576,932,901	66,003,135	510,929,766	11.4
Education and ICT			**643,305,145**	**99,085,242**	**544,219,903**	**15.4**
P1	**Vocational Training Development**		**152,658,774**	-	**152,658,774**	-
	Sp1.1	Vocational Training Development	152,658,774	-	152,658,774	-
P2	**Administrative and Support Services**		**490,646,371**	**99,085,242**	**391,561,129**	**20.2**
	Sp2.1	Administrative and Support Services	490,646,371	99,085,242	391,561,129	20.2
Finance			**693,159,565**	**219,373,398**	**473,786,167**	**31.6**
P1	**Administrative and Support Services**		**693,159,565**	**219,373,398**	**473,786,167**	**31.6**
	Sp1.1	Supervision and Management of Projects	222,295,289	-	222,295,289	-
	Sp1.2	Administrative And Support Services	470,864,276	219,373,398	251,490,878	46.6
Governance			**161,532,719**	**4,288,010**	**157,244,709**	**2.7**
P1	**Infrastructure Development**		**10,000,000**	-	**10,000,000**	-
	Sp1.1	Supervision and Management of Projects	10,000,000	-	10,000,000	-
P2	**Administrative and Support Services**		**151,532,719**	**4,288,010**	**147,244,709**	**2.8**
	Sp2.1	Administrative and Support Services	151,532,719	4,288,010	147,244,709	2.8
County Public Service Board			**96,615,170**	**6,948,862**	**89,666,308**	**7.2**
P1	**Governance and County Values**		**13,465,000**	-	**13,465,000**	-
	Sp1.1	Infrastructure Development	13,465,000	-	13,465,000	-

	Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
			A	B	C=A-B	D=B/A*100
P2	**Administrative and Support Services**		**83,150,170**	**6,948,862**	**76,201,308**	**8.4**
	Sp2.1	Administrative and Support Services	83,150,170	6,948,862	76,201,308	8.4
Health Corporate			**2,510,852,759**	**376,141,983**	**2,134,710,776**	**15**
P1	**Administrative and Support Services**		**2,510,852,759**	**376,141,983**	**2,134,710,776**	**15**
	Sp1.1	Preventive Health Services	607,889,496	-	607,889,496	-
	Sp1.2	Administrative And Support Services	1,902,963,263	376,141,983	1,526,821,280	19.8
Economic Planning			**66,994,733**	**786,000**	**66,208,733**	**1.2**
P1	**County Research and Development Planning**		**20,300,000**	-	**20,300,000**	-
	Sp1.1	County Development Planning Services	20,300,000	-	20,300,000	-
P2	**Administrative and Support Services**		**46,694,733**	**786,000**	**45,908,733**	**1.7**
	Sp2.1	Administrative and Support Services	46,694,733	786,000	45,908,733	1.7
Municipality Board of Kitale			**129,755,000**	-	**129,755,000**	-
P1	**Administrative and Support Services**		**129,755,000**	-	**129,755,000**	-
	Sp1.1	Administrative and Support Services	129,755,000	-	129,755,000	-
County Attorney			**81,250,000**	-	**81,250,000**	-
P1	**Administrative and Support Services**		**81,250,000**	-	**81,250,000**	-
	Sp1.1	Administrative and Support Services	81,250,000	-	81,250,000	-
County Assembly			**961,300,593**	**91,838,836**	**869,461,757**	**9.6**
P1	**Administrative and Support Services**		**961,300,593**	**91,838,836**	**869,461,757**	**9.6**
	Sp1.1	Administrative and Support Services	961,300,593	91,838,836	869,461,757	9.6
Grand Total			**8,683,642,026**	**1,034,372,081**	**7,649,269,945**	**11.9**

Source: Trans Nzoia County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administrative and Support Services in the Department of Gender, Youth at 57.1 per cent, Administrative and Support Services in the Department of Finance at 46.6 per cent, Administrative and Support Services in the Department of Water, Environment at 36.3 per cent of budget allocation.

3.43.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 25th October 2022.
2. Failure by the County Treasury to budget for the cash balance of Kshs.574.89 million from FY 2021/22.
3. The underperformance of own-source revenue at Kshs.101.70 million against an annual projection of Kshs.629.50 million, representing 16.2 per cent of the annual target.
4. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3-201, where the County incurred expenditure over approved exchequer issues in some departments.
5. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, contrary to Section 168 of the PFM Act, 2012. The reports for the Trans-Nzoia County Elimu Bursary Fund and Trans-Nzoia County Car and Mortgage Fund were not submitted to the Controller of Budget.
6. High level of pending bills, which amounted to Kshs.1.02 billion as of 30th September 2022. This is despite the availability of cash in the CRF, which stood at Kshs.717 million at the end of the First Quarter of FY 2022/23.
7. Use of manual payroll. Personnel emoluments amounting to Kshs.45.40 million were processed through the manual payroll and accounted for 6.2 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should prepare a supplementary budget and appropriate the cash balance from FY 2021/22.*
3. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
5. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
6. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
7. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff recruitment on contract terms and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.44 County Government of Turkana

3.44.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.12.81 billion, comprising Kshs.4.59 billion (35.8 per cent) and Kshs.8.22 billion (64.2 per cent) allocation for development and recurrent programmes respectively. The approved budget estimate is a decline of 8.6 per cent compared to the previous financial year when the approved budget was Kshs.14.02 billion and comprised of Kshs.4.77 billion towards development expenditure and Kshs.9.26 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.12.61 billion (98.5 per cent) as the equitable share of revenue raised nationally and generate Kshs.198 million (1.5 per cent) from own source of revenue. The County did not budget for conditional grants and the unspent cash balances from the previous financial year.

3.44.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.2.08 billion as the equitable share of the revenue raised nationally, and raised Kshs.34.02 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.11 billion, as shown in Table 3-203.

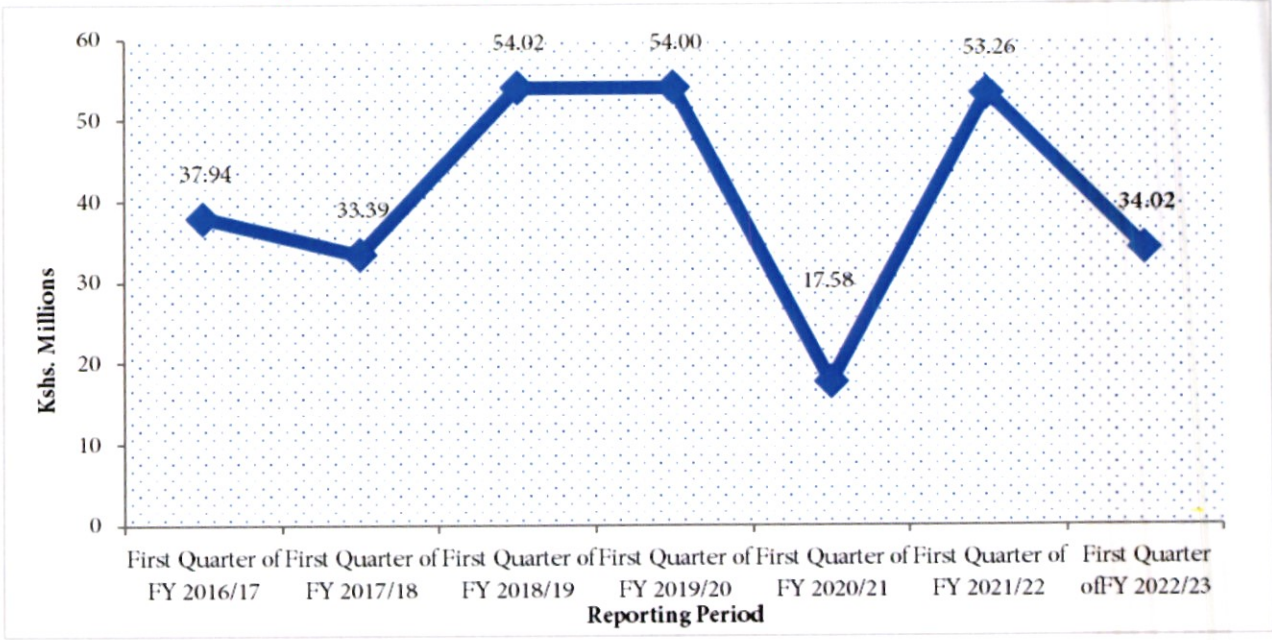
Table 3-203: Turkana County, Revenue Performance in the First Quarter of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**12,609,305,994**	**2,080,535,489**	**16.5**
Sub Total				
B	**Other Sources of Revenue**			
1.	Own Source Revenue	198,000,000	34,017,165	17.2
Sub Total	**198,000,000**	**34,017,165**	**17.2**	
Grand Total	**12,807,305,994**	**2,114,552,654**	**16.5**	

Source: Turkana County Treasury

Figure 3-124 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

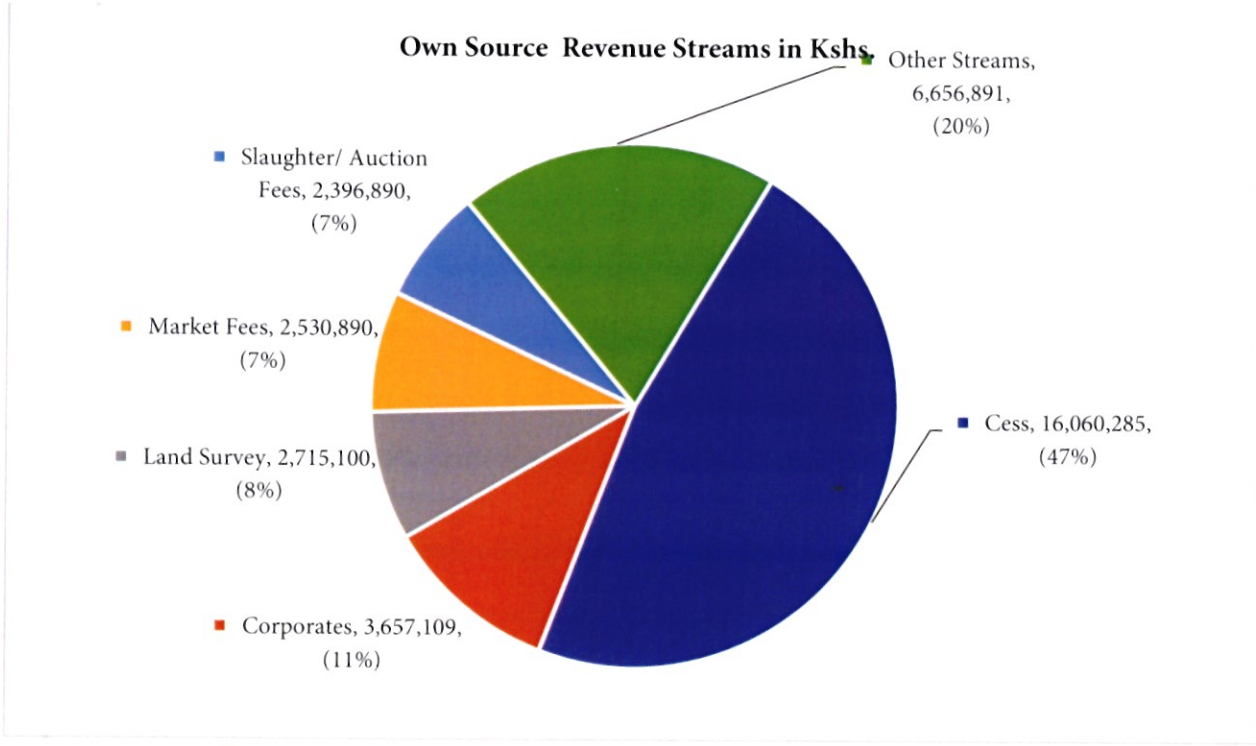
Figure 3-124: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Turkana County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.34.02 million as own-source revenue. This amount represented a decrease of 36.1 per cent compared to Kshs.53.26 million realised in a similar period in FY 2021/22 and was 17.2 per cent of the annual target and 1.6 per cent of the received equitable share. The decrease of 36.1 per cent may be attributed to reduced economic activities due to uncertainties during the election period. The top five revenue streams which contributed the highest OSR are shown in Figure 3-125.

Figure 3-125: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23 (Kshs)



Source: Turkana County Treasury

The highest revenue stream was from Cess of Kshs.16.1 million, which contributed to 47 per cent of the OSR collected in the first quarter of FY 2022/23.

3.44.3 Exchequer Issues

The Controller of Budget approved Kshs.1.74 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.165.32 million (9.5 per cent) for development programmes and Kshs.1.58 billion (90.5 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised of Kshs.1.07 billion for compensation to employees, Kshs.506.98 million for Operations and Maintenance expenditure and Kshs.165.32 million for development expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.5.04 billion.

3.44.4 County Expenditure Review

The County spent Kshs.1.78 billion on development and recurrent programmes during the reporting period. This expenditure represented 102.4 per cent of the total funds released by the CoB and comprised of Kshs.315.32 million and Kshs.1.47 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 6.9 per cent while recurrent expenditure represented 17.9 per cent of the annual recurrent expenditure budget.

3.44.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.2.17 billion which comprised of Kshs.1.33 billion for recurrent expenditure and Kshs.836.21 million for development activities. The County did not settle any pending bills during the period under review.

3.44.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.989.10 million on employee compensation, Kshs.437.24 million on operations and maintenance, and Kshs.315.32 million on development activities. Similarly, the County Assembly spent Kshs.41.43 million on employee compensation, as shown in

Table 3-204.

Table 3-204: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**7,362,835,550**	**853,950,164**	**1,426,335,480**	**41,434,782**	**19.4**	**4.9**
Compensation to Employees	3,819,350,565	535,144,914	989,095,881	41,434,782	25.9	7.7
Operations and Maintenance	4,422,520,280	318,805,250	437,239,599	-	12.3	-
Development Expenditure	**4,422,520,280**	**168,000,000**	**315,321,825**	-	**7.1**	-
Total	**11,785,355,830**	**1,021,950,164**	**1,741,767,305**	**41,434,782**	**14.8**	**4.1**

Source: Turkana County Treasury

3.44.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.1.03 billion was 8.1 per cent of the realised revenue in the First Quarter of Kshs.2.11 billion and included Kshs.475.79 million attributable to the health sector, which translated to 48.7 per cent of the total wage bill in the reporting period. The entire Personnel emoluments amounting to Kshs.1.03 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system.

The County Assembly did not report any expenditure on committee sitting allowances.

3.44.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.100 million to the Emergency Fund and Kshs.781.54 million to county-established funds in FY 2022/23, which constituted 6.9 per cent of the County's overall budget for the year. Table 3-205 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-205: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
	Turkana County Emergency Fund	100,000,000	-	-	Yes
	Turkana County Bi-ashara Fund	150,000,000	-	150,000,000	Yes
	Turkana County Youth and Women Empowerment Fund	120,000,000	120,000,000	120,000,000	Yes
	Turkana County Education & skills Development Fund	384,219,180	384,219,180	384,219,180	Yes
	Turkana county Co-operative Enterprise Development Fund	45,321,825	45,321,825	45,321,825	Yes
	Turkana County Car Loan and Mortgage Fund	50,000,000	-	-	Yes
County Assembly Established Funds					
	Turkana County Assembly Car and Mortgage Fund	32,000,000	-	-	Yes
	Total	**881,541,005**	**549,541,005**	**699,541,005**	

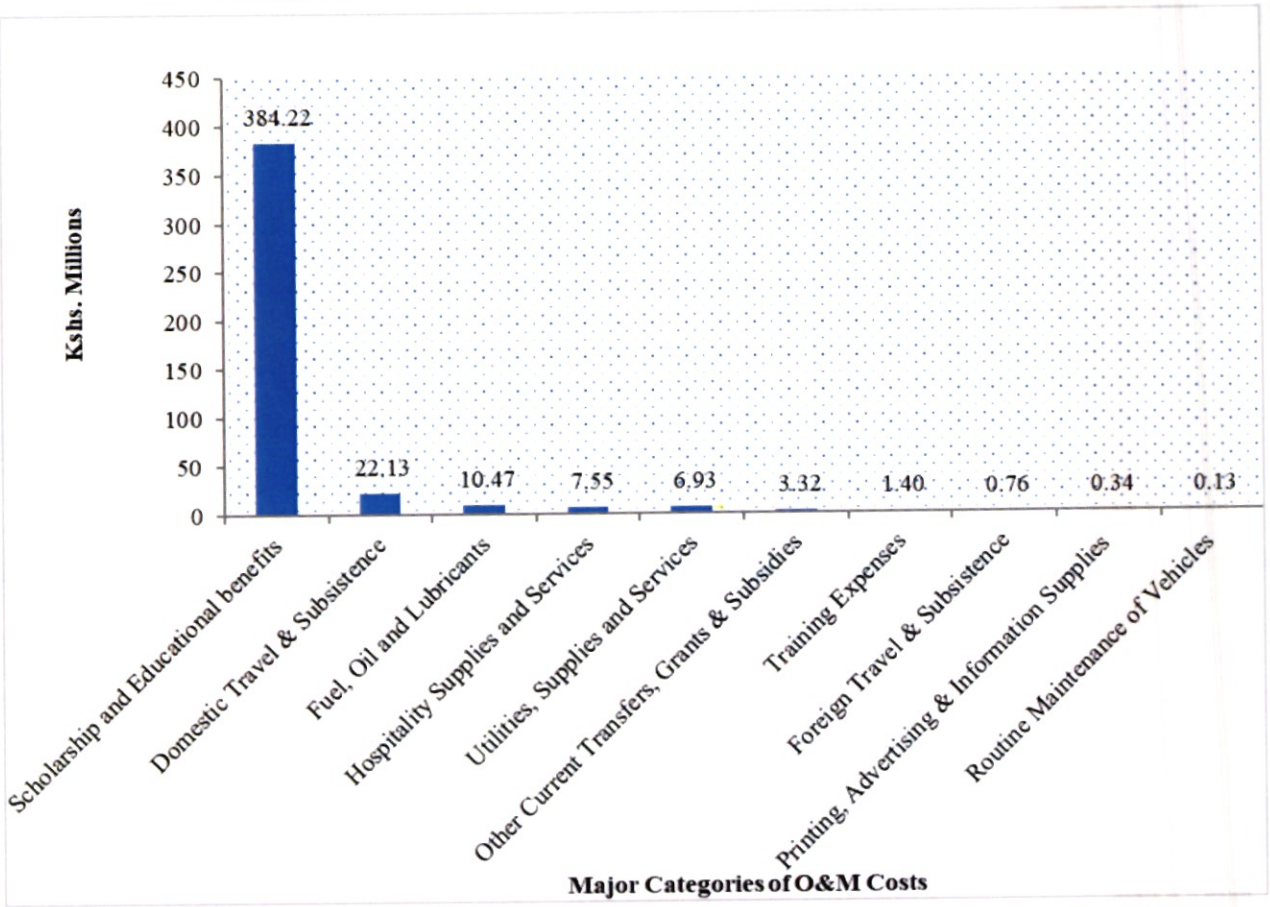
Source: *Turkana County Treasury*

The OCoB received quarterly financial returns from Fund Administrators of funds as indicated in Table 3-205. as per the requirement of Section 168 of the PFM Act, 2012.

3.44.9 Expenditure on Operations and Maintenance

Figure 3-126 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-126: Turkana County, Operations and Maintenance Expenditure by Major Categories



Source: *Turkana County Treasury*

During the period, expenditure on domestic travel and foreign travel amounted to Kshs.22.13 million and Kshs.0.76 million respectively, which was spent by the County Executive.

3.44.10 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.315.32 million on development programmes, representing an increaseof 31.4 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.240 million. The expenditure was a transfer to the County Youth and Women Fund and Cooperative enterprise Development Fund.

3.44.11 Budget Performance by Department

Table 3-206 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-206: Turkana County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of Governor	318.11	107.55	38.87	-	12.63	-	32.50	-	4.00	-
Office of the Deputy Governor	45.55	-	0.70	-	-	-	-	-	-	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning	344.33	73.13	8.27	-	6.35	-	76.70	-	1.80	-
Water Services, Environment and Mineral Resources	115.09	492.52	1.64	-	4.40	-	267.60	-	3.80	-
Health & Sanitation Services	564.92	818.39	9.83	-	7.40	-	75.30	-	1.30	-
Trade, Gender and Youth Affairs	88.43	430.02	4.88	165.32	1.71	315.32	35.00	190.70	1.90	73.30
Education, Sports and Social Protection	611.18	680.20	384.83	-	391.82	-	101.80	-	64.10	-
Public Services, Decentralized Administration & Disaster Management	4,613.19	51.41	990.12	-	988.17	-	99.80	-	21.40	-
Infrastructure, Transport and Public Works	74.15	477.51	3.94	-	-	-	-	-	-	-
Agriculture Pastoral Economy and Fisheries	125.66	668.43	7.28	-	1.37	-	18.80	-	1.10	-
Tourism, Culture and Natural Resources	96.12	271.09	4.32	-	2.35	-	54.50	-	2.40	-
Lands, Energy, Housing and Urban Areas Management	52.20	216.77	0.38	-	1.67	-	440.70	-	3.20	-
Turkana County Assembly	853.95	168.00	117.30	-	41.43	-	35.30	-	4.90	-
Turkana County Public Service Board	103.10	2.00	4.24	-	6.73	-	158.60	-	6.50	-
Office of the County Attorney	105.70	-	-	-	-	-	-	-	-	-
Lodwar Municipality Board	105.10	133.51	-	-	1.73	-	-	-	1.60	-
	8,216.79	**4,590.52**	**1,576.60**	**165.32**	**1,467.77**	**315.32**	**93.10**	**190.70**	**17.90**	**6.90**

Source: *Turkana County Treasury*

Analysis of expenditure by department shows that the Department of Trade, Gender and Youth Affairs recorded the highest absorption rate of development budget at 73.3 per cent while all the other departments did not report expenditure on development activities. The Department of Education, Sports and Social Protection had the highest percentage of recurrent expenditure to budget at 64.1 per cent. Three departments, namely; Office of the County Attorney, Infrastructure, Transport and Public Works, and Office of the Deputy Governor did not report any expenditure.

Further analysis shows the percentage of expenditure to exchequer issues for several departments are above 100 per cent. This is generally because a substantial number of transactions may appear as having been paid at IFMIS but in practice they are awaiting funding at IB level resulting in the variance.

3.44.12 Budget Execution by Programmes and Sub-Programmes

Table 3-207 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-207: Turkana County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)	
		A	B	C=A-B	D=B/A*100	
Office of the Governor						
General Administration, Planning and Support Service Governor's Residence	General Administration and Support services	146,208,793	6,921,561	139,287,232	4.7	
	Construction of Governor's residence	1,616,437	-	1,616,437	-	
	Documentation, communication policy and strategy	2,156,584	-	2,156,584	-	
	Civic Education and Public Sensitization	3,324,708	100,000	3,224,708	3.0	
	Production of County Newspaper and Newsletter	1,301,396	-	1,301,396	-	
Donor /Investor Engagement Security and Peace Building Social and Financial Security Public Participation and Access to Information Service Delivery-ISO Certification Governors Press Service **Office of the Deputy Governor** General Planning and Support Government Programming **Finance and Economic Planning** General Administration, Planning and Support Service	Public-Private Partnership Initiatives (PPPs)	1,011,042	-	1,011,042	-	

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)	
		A	B	C=A-B	D=B/A*100	
Government Communication and Media relations Revenue Collection Systems Accountability and Transparency Planning and Policy formulation						
	Political and Intergovernmental Advisory Services	2,054,117	-	2,054,117	-	
	Legal Advisory Services	1,411,043	-	1,411,043	-	
	Security and cross border Advisory Services	1,971,248	-	1,971,248	-	
	Oil and Gas Advisory Service	1,411,042	-	1,411,042	-	
	Gender and Partnership Advisory Services	1,411,042	-	1,411,042	-	
	Special Interest groups	1,011,042	-	1,011,042	-	
	Climate Change advisory services	1,011,042	-	1,011,042	-	
	Education and youth Advisory services	1,011,042	-	1,011,042	-	
	Culture, Arts and Heritage advisory services	1,411,042	-	1,411,042	-	
	Community Cohesion and Resettlement	16,211,207	786,000	15,425,207	4.8	
	Operationalization of peace building structures and institutions	50,400,269	3,200,000	47,200,269	6.3	
	Resettlement Infrastructural Programme	107,549,142	-	107,549,142	-	

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)	
		A	B	C=A-B	D=B/A*100	
	Cross Border peace dividends programme	30,688,298	250,000	30,438,298	0.8	
	Assurance and Insurance of Govt. Assets	3,917,904	-	3,917,904	-	
	Liability and Debt Management	2,868,904	-	2,868,904	-	
	Turkana SACCO Seed Capital	5,350,061	-	5,350,061	-	
	Construction of Citizen Resource Centre	4,038,679	-	4,038,679	-	
	Web site Development	6,780,245	250,000	6,530,245	3.7	
	Social Budgeting and Generation of SIR Reports	2,018,886	1,000,000	1,018,886	49.5	
	Intergovernmental Relation	9,606,600	-	9,606,600	-	
	Strategy Development, Review, Support and Operationalization	1,577,044	-	1,577,044	-	
	Service Charter	4,021,349	-	4,021,349	-	
	Development of County Filing Systems	4,339,073	-	4,339,073	-	
	Procedure Manual and Training	1,979,699	-	1,979,699	-	
	Governors Press Support	5,988,296	125,000	5,863,296	2.1	
	Sub total	**425,657,276**	**12,632,561**	**413,024,715**	3.0	
	General Planning and Support services	20,151,000	-	20,151,000	-	
	Govt Programming	6,800,000	-	6,800,000	-	
	Community Engagement	7,600,568	-	7,600,568	-	
	Govt Stakeholder Engagement	6,100,000	-	6,100,000	-	
	Govt Transformation	4,900,090	-	4,900,090	-	
	Sub total	**45,551,658**	-	**45,551,658**	-	
	General Administration Services	65,631,021	182,232	65,448,789	0.3	

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)	
		A	B	C=A-B	D=B/A*100	
	General Administration - Economic planning	26,733,408	-	26,733,408	-	
	Acquiring & development of communication systems/equipment	5,500,000	-	5,500,000	-	
	Policies	14,000,000	-	14,000,000	-	
	Development and Implementation of ICT Policy and Regulations	2,533,806	-	2,533,806	-	
	Feasibility Study on Revenue Base	2,100,775	-	2,100,775	-	
	Awareness and Campaigns on Revenue.	4,974,000	-	4,974,000	-	
	Motorbikes for Revenue Officers 30 No.	1,377,569	-	1,377,569	-	
	Strengthening Revenue Systems	11,794,822	-	11,794,822	-	
	Revenue Forecast and Revenue Budget Preparation	2,683,726	-	2,683,726	-	
	Completion of Lokiriama Revenue Centre	30,000,000	-	30,000,000	-	
	Internal Audit	9,000,000	-	9,000,000	-	
	Procurement systems	4,500,000	-	4,500,000	-	
	IFMIS training	5,058,150	-	5,058,150	-	
	Modern Fencing, Gate and Parking Yards for County Treasury Office	100,000,000	1,221,400	98,778,600	1.2	
	Financial Reporting/Research and Development	7,000,000	-	7,000,000	-	
	Economic Policy formulation and Dissemination	8,095,355	-	8,095,355	-	
	CIDP review and Dissemination	1,546,736	1,689,330	(142,594)	109.2	
	County Budget and Economic Forums	30,000,000	-	30,000,000	-	
	Public Participation and Access to Information	3,017,266	-	3,017,266	-	

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)	
		A	B	C=A-B	D=B/A*100	
	Waste Management	1,640,695	-	1,640,695	-	
Monitoring and Evaluation	Software (E-ProMIS, GIS e.t.c)	4,395,198	-	4,395,198	-	
	Field visits, data collection and Reporting	2,084,583	-	2,084,583	-	
	Training and Knowledge management	2,108,968	-	2,108,968	-	
	Devolved Monitoring and Evaluation Committees	1,549,014	-	1,549,014	-	
County Statistical Unit	Soft wares, databases and tools	6,600,000	-	6,600,000	-	
	Capacity Development	3,026,422	59,800	2,966,622	2.0	
	Project Management Information System	1,000,000	-	1,000,000	-	
Budgetary Supply	Budget Formulation, Co-ordination and Management	24,015,534	2,927,900	21,087,634	12.2	
	Public Participation in Budgeting	11,070,000	-	11,070,000	-	
	County Budget and Economic Forum	9,806,053	266,000	9,540,053	2.7	
	Accountability in Resource Allocation	9,600,000	-	9,600,000	-	
Resource Mobilisation	Resource Mobilisation	5,017,378	-	5,017,378	-	
	Sub total	**417,460,479**	**6,346,662**	**411,113,817**	**1.5**	
Water Services, Environment and Mineral Resources						

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)	
		A	B	C=A-B	D=B/A*100	
Turkana Water Programme Joint planning with stakeholders Irrigation and Schemes Development Programme General Administration and Support **Health & Sanitation Services** General Administration, Planning and support services Support to Health Programs Laboratory Services	General Administration, Planning and support services	20,000,000	-	20,000,000	-	
	Construction and Desilting of Water Pans/Rock Catchment	55,000,000	-	55,000,000	-	
	Rehabilitation of Water Infrastructure	132,408,716	823,200	131,585,516	0.6	
	Drilling and Equipping of Boreholes	204,999,963	-	204,999,963	-	
	Equipment of Quality Analysis Laboratory	4,500,000	-	4,500,000	-	
	Project Coordination and Management	3,000,000	-	3,000,000	-	
	Technical planning and design	100,177,290	-	100,177,290	-	
	Feasibility studies for irrigation systems development	3,300,000	-	3,300,000	-	
	General Administration and Support	84,220,000	3,577,294	80,642,706	4.2	
	Sub total	**607,605,969**	**4,400,494**	**603,205,475**	0.7	
	General Administration, Planning and support services	138,262,941	7,363,664	130,899,277	5.3	

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)	
		A	B	C=A-B	D=B/A*100	
	Health Facilities	818,394,317	-	818,394,317	-	
	HIV & AIDS including community-based HIV interventions	800,000	-	800,000	-	
	TB & Leprosy	400,000	-	400,000	-	
	Malaria	700,000	-	700,000	-	
	NTDs (neglected tropical diseases)	500,000	-	500,000	-	
	Nutrition	642,500	-	642,500	-	
	Reproductive health	630,000	-	630,000	-	
	Disease surveillance	850,000	-	850,000	-	
	EPI/outreaches	500,000	-	500,000	-	
	Health promotion	400,000	-	400,000	-	
	Environmental health services	600,000	-	600,000	-	
	Emergency preparedness & disaster response	600,000	-	600,000	-	
	mainstreaming	400,000	-	400,000	-	
	Community Health Services	80,568,000	-	80,568,000	-	
	Laboratory Services	850,000	-	850,000	-	
	Blood Transfusion Services	1,550,000	-	1,550,000	-	
	Rehabilitative Services	650,000	-	650,000	-	
	Referrals & Emergency Services	1,100,000	-	1,100,000	-	
		Radiology Services	600,000	-	600,000	-
		Dental Services	500,000	-	500,000	-
		Clinical Services	622,500	-	622,500	-
		Nursing Services	650,000	-	650,000	-
		Rural Health Facility Support	62,425,000	35,200	62,389,800	0.1
		Subcounty Health Facilities Support	235,021,000	-	235,021,000	-
		UHC Turkana	900,000	-	900,000	-
Health Information and Management		Health Information & Management	628,000	-	628,000	-
		Quality Assurance	900,000	-	900,000	-
		Electronic Medical Records	9,400,000	-	9,400,000	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)	
		A	B	C=A-B	D=B/A*100	
		Monitoring & Evaluation Health	950,000	-	950,000	-
		Research & Development	550,000	-	550,000	-
		Policy & Planning Services	300,000	-	300,000	-
		Rehabilitation & Treatment	2,300,000	-	2,300,000	-
		Public Education & Awareness	2,200,000	-	2,200,000	-
		Liquor Licensing	15,915,000	-	15,915,000	-
		Training & Capacity Building	1,050,850	-	1,050,850	-
		Sub total	**1,383,310,108**	**7,398,864**	**1,375,911,244**	0.5
Trade, Gender and Youth Affairs						
Youth Affairs Development		Youth Coordination and Representation	4,900,000	-	4,900,000	-
		Youth Employment Scheme	5,790,000	-	5,790,000	-
		Youth Rare skills	3,710,000	-	3,710,000	-
		Youth and Women Fund	249,400,000	120,000,000	129,400,000	48.1
Modern Physical Markets Infrastructure		Construction & Development of Modern Physical Market	10,345,140	-	10,345,140	-
		Co-operative Marketing, Value Addition, Surveys & Research	6,600,000	253,200	6,346,800	3.8
		Co-operative Education, Training, Exchange and Ushirika Day Celeb	9,600,000	-	9,600,000	-
		Strengthening of Key Dormant Co-operative Societies	3,600,000	-	3,600,000	-
		Formulation of Cooperative Policy and Legal Frame Work	3,600,000	-	3,600,000	-
		Cooperative Development Fund	45,321,825	45,321,825	-	10-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)	
		A	B	C=A-B	D=B/A*100	
Cooperative Societies Development & Performance Improvement		Business Development and Training Services	3,100,000	319,200	2,780,800	10.3
		Consumer rights education	2,900,000	318,000	2,582,000	11.0
		Industrial Development and Investments	7,400,000	284,040	7,115,960	3.8
		Biashara Fund	150,000,000	150,000,000	-	10-
General Administration		General Administration	12,187,103	532,900	11,654,203	4.4
		Sub total	**518,454,068**	**317,029,165**	**201,424,903**	**61.1**
Education, Sports and Social Protection						
Social protection programs/ Affirmative Action		Construction of PWDs multi-purpose resource centre	22,982,535	6,688,000	16,294,535	29.1
		Marginalized and Minority groups support	32,020,000	-	32,020,000	-
		Child Rescue Centres	44,572,923	-	44,572,923	-
		Child Care & Protection	15,244,498	-	15,244,498	-
Sports and arts programme		Construction of sport Stadia	36,926,763	-	36,926,763	-
General administration		General Administration	26,337,042	641,890	25,695,152	2.4
		Turkana Education and Skill Development Fund	384,219,180	384,219,180	-	10-
Vocational Training		Youth Polytechnic Infrastructure	60,600,000	-	60,600,000	-
		Training and Development	4,610,000	-	4,610,000	-
		Co-Curricular Activities	3,501,017	-	3,501,017	-
		Youth Polytechnics- Conditional	12,709,894	-	12,709,894	-
Public Relations		Publicity	1,220,000	-	1,220,000	-
		Research and Sensitization	1,708,000	275,000	1,433,000	16.1
Early Childhood Education		School Feeding	114,787,478	-	114,787,478	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)	
		A	B	C=A-B	D=B/A*100	
		Quality Improvement	6,614,000	-	6,614,000	-
		Infrastructure Development	516,124,074	-	516,124,074	-
		Support to Pre-Primary Training	7,201,615	-	7,201,615	-
		Sub total	**1,291,379,019**	**391,824,070**	**899,554,949**	
Public Services, Decentralized Administration & Disaster Management						
Operationalization of Decentralized Units		Operationalization of Decentralized Units	11,755,500	-	11,755,500	-
		Decentralized County Policy	48,892,458	-	48,892,458	-
		Coordinated development	11,600,000	-	11,600,000	-
		Policy sensitization and dissemination	14,604,700	-	14,604,700	-
Governance and Public participation		Civic education Programme	2,000,000	-	2,000,000	-
		Public Participation and access to information	8,747,050	-	8,747,050	-
		County Dialogue Forum	1,400,000	-	1,400,000	-
		National & County Holidays	2,000,000	-	2,000,000	-
		Policies Design	1,350,000	-	1,350,000	-
Disaster risk management		Disaster Preparedness Programmes	2,000,000	-	2,000,000	-
		Disaster Mitigation Programmes	2,000,000	-	2,000,000	-
		Stakeholders coordination and Support Programme	2,000,000	-	2,000,000	-
		Humanitarian Relief Food Programme	317,165,000	673,400	316,491,600	0.2
		Disaster Risk Mgt	800,000	-	800,000	-
Inspectorate services		Inspectorate Training Institute	24,105,566	-	24,105,566	-
		Dispute Resolution	2,055,390	-	2,055,390	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)	
		A	B	C=A-B	D=B/A*100	
		Capacity Building	2,230,664	-	2,230,664	-
		Inspectorate Services	3,700,000	-	3,700,000	-
		Inspectorate Services Equip	3,700,000	-	3,700,000	-
Human resource management		Payroll and record management	2,000,000	-	2,000,000	-
		Human Resource Development	3,400,000	-	3,400,000	-
		GHRIS Leave & Performance Module Implementation	2,200,000	-	2,200,000	-
		Digitization and Automation of Human Resource Registry	3,800,000	-	3,800,000	-
		Mainstreaming Public Sector Integrity Programme	4,500,000	-	4,500,000	-
		County performance management	2,300,000	-	2,300,000	-
		Public Service Week	1,800,000	-	1,800,000	-
		Records Management	1,600,000	-	1,600,000	-
		HRM	1,900,000	-	1,900,000	-
General Administration, Planning and Support Services-Public Service		General Administration	4,178,992,315	987,500,997	3,191,491,318	23.6
		Sub total	**4,664,598,643**	**988,174,397**	**3,676,424,246**	**21.2**
Infrastructure, Transport and Public Works						
Develop and Maintain Roads		Roads maintenance levy fund (RMLF)	191,000,000	-	191,000,000	-
		Roads	107,250,000	-	107,250,000	-
Develop and maintain staff housing and public offices		Staff Housing	88,850,676	-	88,850,676	-
Develop and maintain other public works		Machinery	30,000,000	-	30,000,000	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)	
		A	B	C=A-B	D=B/A*100	
		Professional Capacity Building	9,350,000	-	9,350,000	-
General Administration		General Administration	93,083,737	-	93,083,737	-
		General Administration- Public works	32,128,720	-	32,128,720	-
		Sub Total	**551,663,133**	-	**551,663,133**	-
Agriculture, Pastoral Economy and Fisheries						
Revival of Turkana Fishermen Co-op. society		Spate Irrigation Technology	251,713,482	-	251,713,482	-
		Rehabilitation	1,000,000	-	1,000,000	-
		Soil & Water Conservation	10,200,000	-	10,200,000	-
Fish market infrastructure/ fish value addition		Fish market infrastructure/ fish value addition	21,100,000	-	21,100,000	-
		Fisheries livelihood support	33,300,000	-	33,300,000	-
		Fisheries Extension Services	2,500,000	-	2,500,000	-
		Fisheries resource management	17,600,000	604,800	16,995,200	3.4
		Fish Farming & Aquaculture	4,200,000	-	4,200,000	-
Sustainable management of fisheries resources		Frame survey	65,000,000	-	65,000,000	-
		Fish Stock assessment	3,200,000	-	3,200,000	-
		Monitoring, Control and Surveillance	16,500,000	-	16,500,000	-
		Resource monitoring facilities	2,850,000	-	2,850,000	-
Livestock breed improvement		Establish livestock Multiplication and breeding Centre.	38,200,000	-	38,200,000	-
		Provision of Livestock Extension services	2,600,000	-	2,600,000	-
		Livestock multiplication and breeding centre	19,500,000	-	19,500,000	-
		Livestock Value Chain	68,100,000	-	68,100,000	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)	
		A	B	C=A-B	D=B/A*100	
		Skills Development	19,100,000	-	19,100,000	-
General Administration		General Administration	22,800,000	594,020	22,205,980	2.6
		General Administration and Support Services-Pastoral Economy and	33,300,000	172,086	33,127,914	0.5
Agriculture Programme		Agri-nutrition/ Urban & peri-urban agriculture	8,100,000	-	8,100,000	-
		Smart agriculture practices (Innovations/technologies to mitigate	14,200,000	-	14,200,000	-
		Agricultural Sector Development Support Programme (ASDSP)	16,500,000	-	16,500,000	-
		Agricultural Mechanization	27,308,874	-	27,308,874	-
		Agric market Access	1,200,000	-	1,200,000	-
		Agric Extension & Development	34,900,000	-	34,900,000	-
		Subsidy & Support	3,700,000	-	3,700,000	-
		Pest Control & Management	4,800,000	-	4,800,000	-
		NARIGP	28,615,338	-	28,615,338	-
		DRNKP/KFW	22,000,000	-	22,000,000	-
			794,087,694	**1,370,906**	**792,716,788**	**0.2**
Tourism, Culture and Natural Resources						
Establishment and rehabilitation of public utilities in Lodwar		Improvement of Moi Garden Stadia	27,000,000	-	27,000,000	-
		completion of recreational park	24,500,000	-	24,500,000	-
		setting up of dumping site in Lodwar	85,978,013	-	85,978,013	-
General Administration		General Administration, Planning and Support Services	35,300,000	1,058,900	34,241,100	3.0

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)	
		A	B	C=A-B	D=B/A*100	
Tourism destination marketing and promotion		Tourism expos, incentives, conferences and exhibition program	1,500,000	-	1,500,000	-
		Community Based Tourism products	1,000,000	-	1,000,000	-
		Tourism Market Research (Baseline Survey & Mapping)	35,300,000	-	35,300,000	-
		Media Campaign and Promotion of Tourism Products and Programmes	1,000,000	-	1,000,000	-
Culture, arts, heritage development, promotion and preservation		Ushanga Initiative	10,500,000	-	10,500,000	-
		Culture Promotion and Preservation	9,700,000	268,800	9,431,200	2.8
		Annual tourism and cultural festival	30,000,000	499,700	29,500,300	1.7
Culture development and preservation infrastructure		Equipment and Infrastructure Development at Ekalees Centre	10,000,000	-	10,000,000	-
Forestry and wildlife management development and management		Forestry Management and Conservation	4,000,000	-	4,000,000	-
		Community Wildlife Conservation	1,500,000	-	1,500,000	-
		Forest Nature Based Development	2,000,000	-	2,000,000	-
		Forestry Development Infrastructure	33,100,000	-	33,100,000	-
		Forestry Protection	1,000,000	-	1,000,000	-
		Prosopis Management	2,000,000	-	2,000,000	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)	
		A	B	C=A-B	D=B/A*100	
Heritage Development Promotion & Preservation		Heritage Development Promotion & Preservation	1,000,000	-	1,000,000	-
		Arts & Creativity Development	1,000,000	-	1,000,000	-
Environmental Governance Compliance Conservation Protection & Management		Environmental Governance & Compliance	2,000,000	257,600	1,742,400	12.9
		Environmental Protection & Conservation	1,500,000	268,800	1,231,200	17.9
		Plastic Collection Re-use Facility	920,287	-	920,287	-
		Climate Change & Adaptation	1,500,000	-	1,500,000	-
Mineral Resource Mapping Capacity Building & Management		Mineral resource Mapping	1,000,000	-	1,000,000	-
		Management of Mining & Quarrying activities	2,000,000	-	2,000,000	-
		Capacity building in exploitation of Mineral Resources	2,000,000	-	2,000,000	-
		Extractives Engagement Bills & Policies	3,000,000	-	3,000,000	-
Petroleum		Oil and Gas	2,000,000	-	2,000,000	-
		Establishment of Extractive Sector Regulations & Strategies	2,700,000	-	2,700,000	-
Energy Development Programme		Renewable Energy Development	3,700,000	-	3,700,000	-
Turkana Agriculture Programme		Organising field days show and exhibitions	18,512,656	-	18,512,656	-
Turkana Rehabilitation Programme		Artisanal Mining Equipment	9,000,000	-	9,000,000	-
		Sub Total	**367,210,956**	**2,353,800**	**364,857,156**	**0.6**

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)	
		A	B	C=A-B	D=B/A*100	
Lands, Energy, Housing and Urban Areas Management						
Adjudication, registry and settlement		Delineation & adjudication of community land	5,500,000	-	5,500,000	-
Spatial Planning		Spatial Planning	83,800,000	654,000	83,146,000	0.8
Formulation of community land policy and regulations		Urban Centre Management	64,500,000	-	64,500,000	-
		Kakuma Kalobeyei Municipality	1,000,000	-	1,000,000	-
Compulsory land acquisition for public utilities		Land acquisition for public utilities	16,600,000	-	16,600,000	-
General Administration		Lands General Administration, Planning and Support Services	25,300,000	200,000	25,100,000	0.8
Land Governance		Land Policies	72,260,517	812,000	71,448,517	1.1
		Sub Total	**268,960,517**	**1,666,000**	**267,294,517**	0.6
Turkana County Assembly						
Headquarters		General administration Assembly	781,396,750	41,434,782	739,961,968	5.3
		Speakers Residents	52,930,354	-	52,930,354	-
		Construction of New County Assembly	19,623,059	-	19,623,059	-
		General Administration, Planning and Support Services	168,000,000	-	168,000,000	-
		Sub Total	**1,021,950,163**	**41,434,782**	**980,515,381**	**4.1**
Turkana County Public Service Board						
County Internship Programme		County Internship Programme	42,000,000	2,939,600	39,060,400	7.0
Mainstream Public Sector Integrity programme & Accountability		Mainstream Public Sector Integrity programme & Accountability	2,800,000	-	2,800,000	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)	
		A	B	C=A-B	D=B/A*100	
		Public Evaluation on County Public Service Board Performance	4,000,000	100,000	3,900,000	2.5
		Human Resource Conference & Symposium	4,000,000	247,000	3,753,000	6.2
		Exit Meetings Per Department	2,438,076	1,559,100	878,976	63.9
		Assessment and stake holder capacity mapping	5,579,752		5,579,752	-
Human resource		Scheme of service	3,200,000	254,800	2,945,200	8.0
		Performance Appraisal	6,780,000	100,000	6,680,000	1.5
		Enhancing Leadership in County Public Service	3,141,800	79,300	3,062,500	2.5
		Performance Management Monitoring	1,970,860	161,250	1,809,610	8.2
		County Public Service Pre-Retirement Sensitization	2,397,520	297,350	2,100,170	12.4
		Evaluation of Different Cadres of Employees (Promotion and Re-Designation	2,595,308	100,000	2,495,308	3.9
Quality Management Systems		Quality Management Systems Development & Establishment	3,000,000	433,626	2,566,374	14.5
		QMS Audit /Routine Inspection	3,218,040	132,000	3,086,040	4.1
		Documentation/ Record Management for QMS	3,783,360	225,400	3,557,960	6.0
Development coordination Programme		Donor scan/Mapping	5,041,530	-	5,041,530	-
		Establishment of development committees	3,395,318	100,000	3,295,318	2.9
		Training of the development committees	3,381,753	-	3,381,753	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)	
		A	B	C=A-B	D=B/A*100	
		Formulation and Development of TCPSB Boardroom ICT Infrastructure	2,380,000	-	2,380,000	-
		Sub Total	**105,103,317**	**6,729,426**	**84,275,290**	6.4
Office of the County Attorney						
General Administration, Planning and Support Services		General Administration, Planning and Support Services- County At	35,004,458	-	7,452,800	-
Litigation		Litigation	54,850,000	-	54,850,000	-
		Govt Agreements & Contracts	3,157,500	-	3,157,500	-
		Legal Audit & Compliance	2,875,400	-	2,875,400	-
Legislation		Legislation	3,456,107	-	3,456,107	-
		Policy & Legal Briefs	2,112,000	-	2,112,000	-
Training of Legal Counsel		Training of Legal Counsel	2,135,000	-	2,135,000	-
		Legal Training & Awareness	2,112,851	-	2,112,851	-
		Sub Total	**105,703,316**	-	**78,151,658**	-
Lodwar Municipality Board						
Municipality		General Admin Planning and Support Services	47,566,997	1,045,960	46,521,037	2.2
		Municipal Planning	10,522,565	-	10,522,565	-
		Municipal Services	180,520,116	685,000	179,835,116	0.4
		Sub Total	**238,609,678**	**1,730,960**	**236,878,718**	**0.7**
Grand Total			**12,807,305,994**	**1,783,092,087**	**10,982,563,648**	**13.9**

Source: *Turkana County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Turkana Education and Skill Development Fund in the Department of Education, Sports and Social Protection at 100 per cent, Cooperative Development Fund in the Department of Trade, Gender and Youth Affairs at 100 per cent, Exit Meetings Per Department in the Department of County Public Service Board at 63.9 per cent, and Youth and Women Fund at 48.1 per cent of budget allocation.

3.44.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the

timely preparation of the budget implementation. The report was submitted on 1st November, 2022.

2. The underperformance of own-source revenue at Kshs.34.02 million against an annual projection of Kshs.198 million, representing 17.2 per cent of the annual target.
3. Diversion of funds by the County Treasury and weak budgeting practice as shown in Table 3-206, where the County incurred expenditure over approved exchequer issues in a number of departments.
4. High level of pending bills which amounted to Kshs.2.17 billion as of 30th September 2022. This is despite the availability of cash in the CRF which stood at Kshs.5.04 billion as at the end of the First Quarter of FY 2022/23.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*

3.45 County Government of Uasin Gishu

3.45.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.10.17 billion, comprising Kshs.3.76 billion (37 per cent) and Kshs.6.41 billion (63 per cent) allocation for development and recurrent programmes respectively. The approved budget estimate is an improvement of 5.6 per cent compared to similar of the previous financial year when the approved budget was Kshs.9.68 billion and comprised of Kshs.3.19 billion towards development expenditure and Kshs.6.49 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.07 billion (79.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.4 billion (13.8 per cent) from own source of revenue and receive Kshs.701.67 million (6.9 per cent) as conditional grants, which consist of Kshs.354.5 million from Kenya Climate Smart Agriculture Project (IDA - World Bank), Kshs.200 million from Kenya Informal Settlements Improvement Project (KISIP), Kshs.13,.34 million from DANIDA (UHiDSP) – Health, Kshs.125 million from World Bank Credit Finance locally led Climate Action (FLLoCA) and Kshs.8.83 million from Sweden Agriculture Sector Development Support Programme – ASDSP.

The County did not budget Kshs.1.23 billion cash balance from the previous financial year which comprises Kshs.818.64 million in the County Revenue Fund, Kshs.403.91 million in Special Purpose Accounts and Kshs.2.77 million in the County's operational bank accounts at the Central Bank of Kenya.

3.45.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.33 billion as the equitable share of the revenue raised nationally, raised Kshs.111.02 million as own-source revenue and had a cash balance of Kshs.1.23 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.2.67 billion, as shown in Table 3-208.

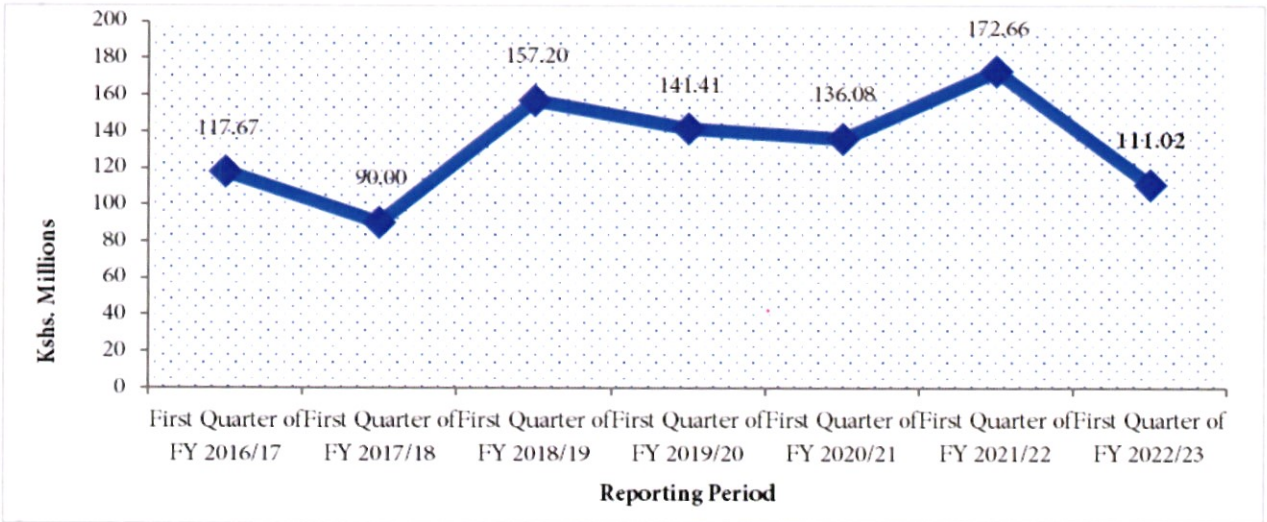
Table 3-208: Uasin Gishu County, Revenue Performance in the First Quarter of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**8,068,858,318**	**1,331,361,624**	**16.5**
Sub Total		**8,068,858,318**	**1,331,361,624**	16.5
B	**Conditional Grants**			
1	Kenya Climate Smart Agriculture Project (IDA - World Bank)	354,491,402	-	-
2	Kenya Informal Settlements Improvement Project (KISIP)	200,000,000	-	-
3	DANIDA (UHiDSP) - Health	13,340,000	-	-
4	World Bank Credit Finance locally-led Climate Action (FLLoCA)	125,000,000	-	-
5	Sweden Agriculture Sector Dev. Supp. Programme - ASDSP	8,833,660	-	-
	Sub-Total	**701,665,062**	-	-
C	**Other Sources of Revenue**			
1	Own Source Revenue	1,400,471,850	111,023,536	7.9
2	Balance b/f from FY 2021/22	-	1,225,313,761	-
Sub Total		**1,400,471,850**	**1,336,337,297**	**95.4**
Grand Total		**10,170,995,231**	**2,667,698,921**	**26.2**

Source: Uasin Gishu County Treasury

The conditional grants were not released in the First Quarter of FY 2022/23.Figure 3-127 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

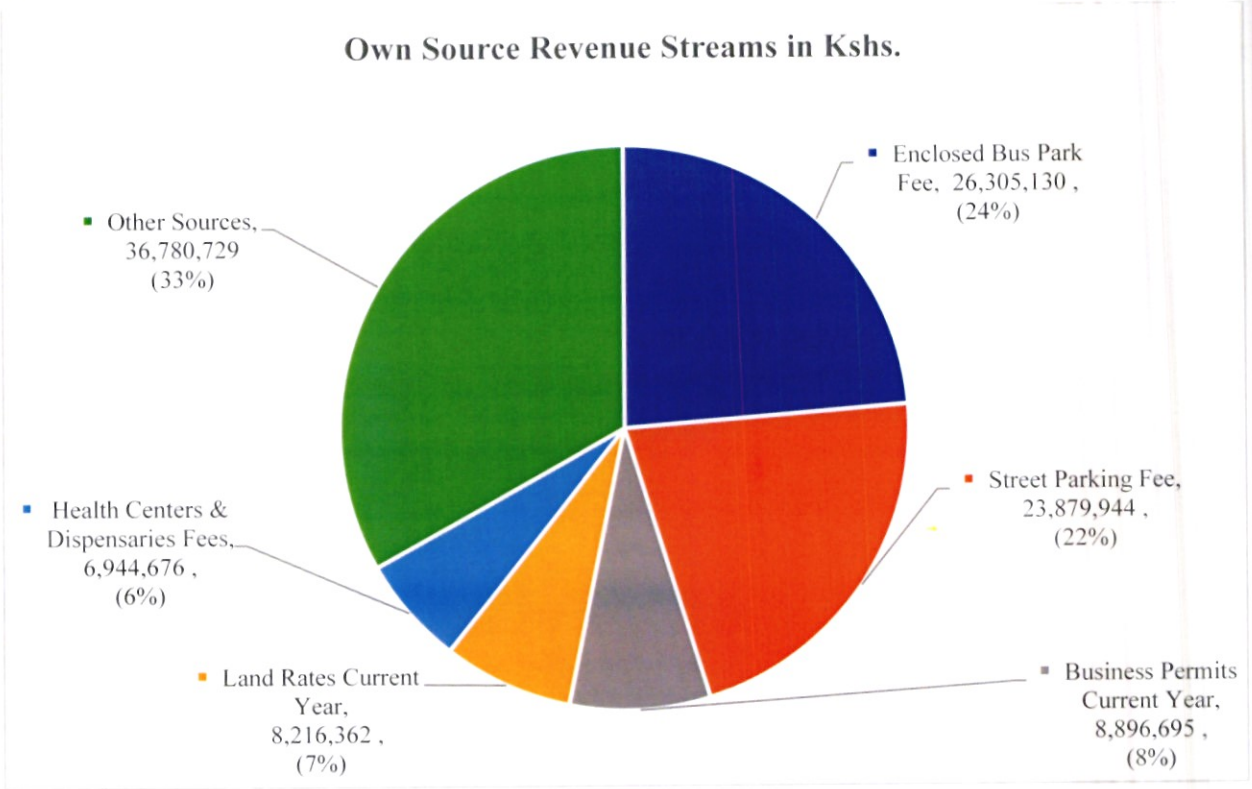
Figure 3-127: Trend in Own-Source Revenue Collection for the First Quarter of the Financial Year from FY 2016/17 to FY 2022/23



Source: Uasin Gishu County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.111.02 million as own-source revenue. This amount represented a decrease of 35.7 per cent compared to Kshs.172.66 million realised in a similar period in FY 2021/22 and was 7.9 per cent of the annual target and 8.3 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-128.

Figure 3-128: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Uasin Gishu County Treasury

The highest revenue stream was from Enclosed Bus Park Fee of Kshs.26.3 million, which contributed to 24 per cent of the OSR collected in the first quarter of FY 2022/23.

3.45.3 Exchequer Issues

The Controller of Budget approved Kshs.1.24 billion in withdrawals from the CRF account during the reporting period which was entirely for recurrent expenditure activities. The exchequer released in the First Quarter of FY 2022/23 comprised of Kshs.1.06 billion for compensation to employees and Kshs.184.05 million for Operations and Maintenance expenditure

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.1.08 billion.

3.45.4 County Expenditure Review

The County spent Kshs.1.1 billion during the reporting period. This expenditure represented 88.1 per cent of the total funds released by the CoB and was entirely on recurrent programmes and represented 17.1 per cent of the annual recurrent expenditure budget.

3.45.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County reported the stock of pending bills of Kshs.745.74 million which comprised Kshs.174.18 million for recurrent expenditure and Kshs.571.56 million for development activities. During the period under review, pending bills amounting to Kshs.55.24 million were settled which were for recurrent expenditure. The outstanding pending bills as of 30th September 2022 were therefore Kshs.690.5 million.

3.45.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.774.78 million on employee compensation and Kshs.144.79 million on operations and maintenance. Similarly, the County Assembly spent Kshs.120.58 million on employee compensation, and Kshs.55.18 million on operations and maintenance, as shown in Table 3-209.

Table 3-209: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,605,714,122**	**803,027,730**	**919,573,540**	**175,756,327**	**16.4**	**21.9**
Compensation to Employees	3,890,909,314	366,917,522	774,782,217	120,579,601	19.9	32.9
Operations and Maintenance	1,714,804,808	436,110,208	144,791,323	55,176,726	8.4	12.7
Development Expenditure	**3,662,253,379**	**100,000,000**	-	-	**0.0**	**0.0**
Total	**9,267,967,501**	**903,027,730**	**919,573,540**	**175,756,327**	**9.9**	**19.5**

Source: Uasin Gishu County Treasury

3.45.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.895.36 million was 33.6 per cent of the realised revenue in the First Quarter of Kshs.2.67 billion and included Kshs.360.03 million attributable to the health sector, which translated to 40.2 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.738.59 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.156.67 million. The manual payroll amounted to 17.5 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly spent Kshs.3.89 million on committee sitting allowances for the 45 MCAs and the Speaker against the annual budget allocation of Kshs.45 million and was 3.2 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.28,436 per MCA.

3.45.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated a total of Kshs.25 million to the Emergency Fund and Kshs.487.6 million to the other County-established funds in FY 2022/23, which constituted 5.0 per cent of the County's overall budget for the year. Table 3-210 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-210: Performance of Emergency Fund and County Established Funds as of 30th September 2022

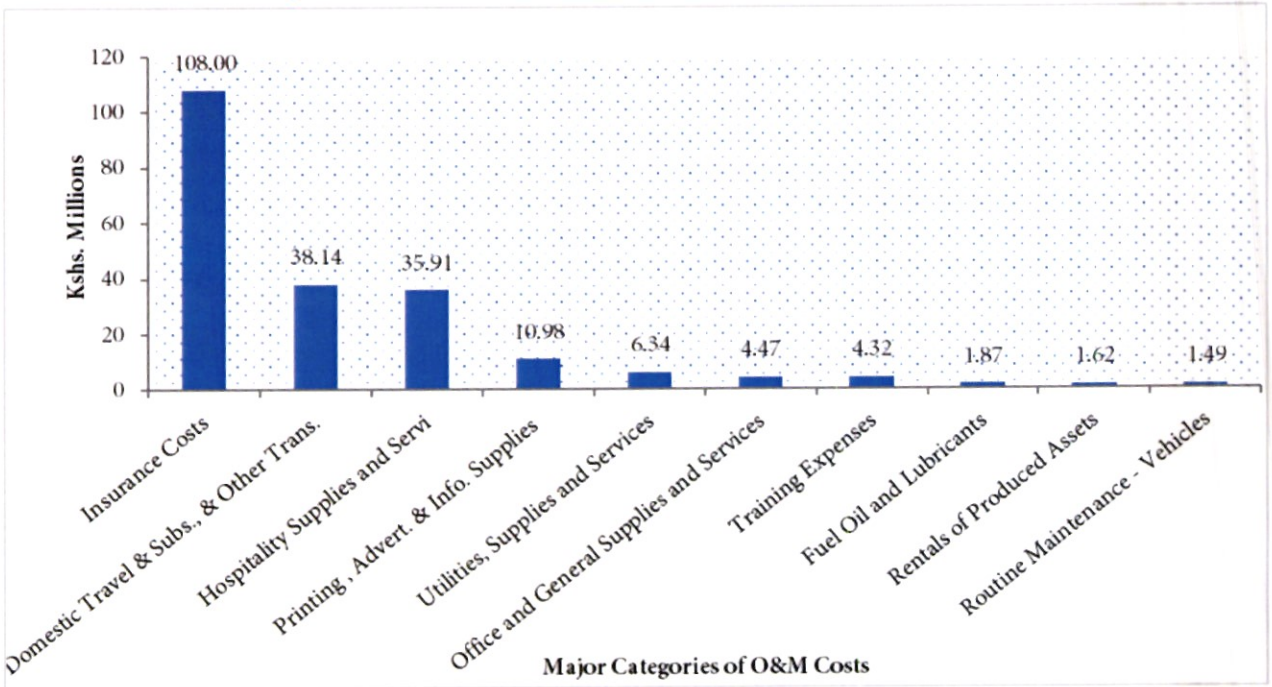
S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
1	Emergency Fund	25,000,000	-	-	Yes
County Executive Established Funds					
1	Uasin Gishu Inua Biashara Fund	96,100,000	-	-	Yes
2	Uasin Gishu County Bursary and Skills Development Support Fund	121,500,000	-	-	Yes
3	Car Loan & Mortgage - County Executive	80,000,000	-	-	Yes
4	Uasin Gishu TVET Fund	20,000,000	-	-	Yes
5	Cooperative Development Fund	70,000,000	-	-	Yes
County Assembly Established Funds					
6	Car Loan & Mortgage - County Assembly	100,000,000	-	-	Yes
	Total	**512,600,000**	-	-	

Source: *Uasin Gishu County Treasury*

3.45.9 Expenditure on Operations and Maintenance

Figure 3-129 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-129: Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories



Source: *Uasin Gishu County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.38.14 million and comprised of Kshs.12.22 million spent by the County Assembly and Kshs.25.92 million by the County Executive. Expenditure on foreign travel amounted to Kshs.0.68 million by the County Executive.

3.45.10 Development Expenditure

In the First Quarter of FY 2022/23, the County did not report expenditure on development programmes.

3.45.11 Budget Performance by Department

Table 3-211 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-211: Uasin Gishu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	148.25	-	29.89	-	35.16	-	117.7	-	23.7	-
Finance	358.13	-	46.64	-	17.7	-	37.9	-	4.9	-
Public Service Management	564	19.02	216.9	-	246.71	-	113.7	-	43.7	-
ICT and E-Government	55.8	15.28	3.4	-	4.45	-	130.8	-	8	-
Roads, Transport, Energy and Public Works	449.8	655.36	59.82	-	34.27	-	57.3	-	7.6	-
Lands and Housing	61.78	344.82	8.4	-	5.95	-	70.8	-	9.6	-
Water, Environment, Natural Resources, Tourism and Wildlife Management	184.61	576.13	22.4	-	18.82	-	84	-	10.2	-
Health Services	2,135.88	486.26	459.4	-	360.29	-	78.4	-	16.9	-
Agriculture	229.12	432.66	52.6	-	37.2	-	70.7	-	16.2	-
Trade, Investment and Industrialization	53.61	160.76	4.4	-	5.68	-	-	-	10.6	-
Education, Culture and Social Services	601.21	177.44	101.09	-	84.89	-	84	-	14.1	-
County Public Service Board	66.22	-	6.4	-	8.53	-	133.3	-	12.9	-
County Assembly	803.03	100	175.76	-	175.76	-	100	-	21.9	-
Budget and Economic Planning	127.05	-	6.4	-	4.58	-	71.6	-	3.6	-
Devolution and Public Administration	116.11	268.18	4.4	-	16.96	-	385.5	-	14.6	-

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
Youth and Sports Development	171.28	139.57	25.6	-	14.49	-	56.6	-	8.5	-
Cooperatives and Enterprise Development	43.57	58.29	2.4	-	5.29	-	220.3	-	12.1	-
Livestock Development and Fisheries	59.27	84.85	5.21	-	3.28	-	62.9	-	5.5	-
Physical Planning and Urban Development	46.31	62.95	5.86	-	4.44	-	75.7	-	9.6	-
Eldoret Municipality	133.71	180.7	5.95	-	10.88	-	182.9	-	8.1	-
TOTAL	**6,408.74**	**3,762.25**	**1,242.92**	-	**1,095.33**	-	**88.1**	-	**17.1**	-

Source: *Uasin Gishu County Treasury*

Analysis of expenditure by department shows that the Department of Public Service Management had the highest percentage of recurrent expenditure to budget at 43.7 per cent while the Department of Budget and Economic Planning had the lowest at 3.6 per cent.

The following departments spend more than the exchequer issues; Devolution and Public Administration at 385.5 per cent, Cooperatives and Enterprise Development at 220.3 per cent, Eldoret Municipality at 182.9 per cent, County Public Service Board at 133. 3 per cent, ICT and E-Government at 130.8 per cent, Office of the Governor at 117.7 per cent and Public Service Management at 113.7 per cent. This is an indication of a weak internal control system and the diversion of funds by the County Treasury.

The allocation for recurrent expenditure for the Assembly and the Executive is within the budget ceilings prescribed in CARA, 2022.

3.45.12 Budget Execution by Programmes and Sub-Programmes

Table 3-212 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-212: Uasin Gishu County, Budget Execution by Programmes and Sub-Programmes

Department	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Absorption Rate (%)
Programme				
Governor's Office				
General administration support services	Employee Support Services	148,245,119	35,162,921	23.7
Finance				
Financial Services	Financial Services	358,131,459	17,695,073	4.9
Public Service Management				
General administration support services	Administrative support services	520,511,187	246,711,158	47.4
Records management services	Registry Services	455,000	-	0.0
	Library Services	62,048,000	-	0.0

Department	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Absorption Rate (%)
Information, Communication and E-Government				
ICT services	ICT Services	71,086,215	4,448,117	6.3
Roads, Transport, Energy and Public Works				
General administration support services	Administrative support services	161,331,000	34,273,257	21.2
Road &Transport Infrastructure Development	Roads & Transport Infrastructure Services	867,234,357	-	0.0
Energy Services	Lighting services	10,000,000	-	0.0
Public Works Services	Public Works Services	6,590,819	-	0.0
Fire & Emergency Services	Fire and Emergency Services	60,000,000	-	0.0
Lands and Housing				
Land Management and Administration	Administrative support services	332,983,274	5,950,293	1.8
	Land banking	15,000,000		0.0
Survey services	Survey services	10,000,000	-	0.0
Housing Services	Housing Services	48,622,716	-	0.0
Water, Environment, Natural Resources, Tourism and Wildlife Management				
Water & Sanitation Development	Water Development Services	316,403,409	-	0.0
	Sanitation Services	209,724,941	-	0.0
	Water Equipment & Machinery	184,608,471	18,819,045	10.2
Solid Waste Management	Waste Disposal Services	-	-	-
Environmental Restoration, Protection, Conservation and Management	Afforestation and re-Afforestation	25,000,000	-	0.0
Tourism Development and Promotion	Tourism Infrastructure Development	25,000,000	-	0.0
Health Services				
General administration support services	Administrative support services	2,416,823,164	360,288,072	14.9
Curative and Rehabilitative Services	Clinical Services	202,110,000	-	0.0
	Prevention and Health Promotion	3,200,000	-	0.0
Agriculture				
Crop Development and Management	Post-Harvest Management Services	251,942,662	37,203,407	14.8
	AMS Services	33,880,335	-	0.0
	Climate Smart Agriculture (World Bank)	363,325,062	-	0.0
Agricultural training services	ATC Services	12,632,476	-	0.0
Trade, Investment and Industrialization				

Department	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Absorption Rate (%)
Trade Development and Promotion	Market Infrastructure Development Services	49,018,136	-	0.0
	Export Promotion Services	3,192,588	-	0.0
	Trade Support Services	52,210,724	5,682,493	10.9
	SMEs Services	108,550,000	-	0.0
Industrial development, investments and International Trade	Regional Integration	1,400,207	-	0.0
Education, Culture and Social Services				
ECD Education	Administrative Support Services	542,325,562	84,887,207	15.7
	ECD Education	34,000,000	-	0.0
Social Development Services	Community Development Services	56,030,172	-	0.0
Development & Promotion of Culture	Cultural Services	24,794,880	-	0.0
Education bursaries and scholarships services	Bursary & scholarship	121,500,000	-	0.0
County Public Service Board				
General administration, planning and support services	Administrative Support Services	66,223,564	8,532,098	12.9
County Assembly				
General administration, planning and support services	Administrative Support Services	903,027,730	175,756,327	19.5
Budget and Economic Planning				
Economic Planning Services	Administrative Support Services	59,809,935	3,017,054	5.0
	Planning Services	26,500,000	704,500	2.7
	M&E Services	25,000,000	452,800	1.8
	Statistical Services	15,740,960	410,600	2.6
Devolution and Public Administration				
General administration support services	Employee support services	116,108,162	16,963,490	14.6
	Field Administrative Services	268,176,055	-	0.0
Youth Affairs, Gender and Sports				
Youth Training and Empowerment	Administrative Support Services	153,127,504	14,487,110	9.5
	Youth Support Services	96,618,178		0.0
Sports Development	Sports Development	61,103,638		0.0
Cooperatives and Enterprise Development				
General Administrative Support Services	Administrative support services	71,860,523	5,288,117	7.4
Cooperative Development Services	Enterprise Development Services	30,000,000		0.0
Livestock Development and Fisheries				

Department	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Absorption Rate (%)
Veterinary Services	Administrative support services	112,323,230	3,280,195	2.9
Livestock Production	Livestock Production Services	28,097,487	-	0.0
Fisheries Production	Fisheries Production Services	3,700,000	-	0.0
Physical Planning and Urban Development				
General Administrative Support Services	Administrative support services	38,380,654	4,437,995	11.6
Physical Planning Services	Physical Planning Services	6,363,675		0.0
Urban Development and management services	Urban development and management services	64,519,948		0.0
Eldoret Municipality				
Road and Transport Infrastructure Development	Construction of roads	50,000,000		0.0
	Construction of NMTs	103,000,000		0.0
Urban Development & Management Services	Urban Development & Management Services	27,695,891		0.0
General administration support services	Administration support services	133,706,161	10,878,538	8.1
Total		**10,170,995,231**	**1,095,329,867**	**10.8**

Source: *Uasin Gishu County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Administrative Support Services in the Department of Public Service Management at 47.4 per cent, Employee Support Services in the Governor's office at 23.7 per cent and Administrative Support Services in the department of Roads, Transport, Energy and Public Works at 21.2 per cent of budget allocation.

3.45.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 7th November 2022.
2. The underperformance of own-source revenue at Kshs.111.02 million against an annual projection of Kshs. 1.4 billion, representing 7.9 per cent of the annual target.
3. Diversion of funds by the County Treasury and weak budgeting practice as shown in Table 3-211, where the County incurred expenditure over approved exchequer issues in a number of departments.
4. High level of pending bills which amounted to Kshs.690.5 million as of 30th September 2022. This is despite the availability of cash in the CRF which stood at Kshs.1.08 billion as at the end of the First Quarter of FY 2022/23.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.156.67 million were processed through the manual payroll and accounted for 17.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. Failure to budget for unspent cash balance from the previous financial year which amounted to Kshs.1.23 billion.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment*
6. *The County Treasury should prepare a supplementary budget and ensure the unspent cash balances from the previous financial year are incorporated in the County Appropriations in order to regularise its spending.*

3.46 County Government of Vihiga

3.46.1 Overview of FY 2022/23 Budget

The County's approved original budget for the FY 2022/23 is Kshs.5.79 billion, comprising Kshs.1.74 billion (30.0 per cent) and Kshs.4.06 billion (70.0 per cent) allocation for development and recurrent programmes respectively. The approved budget estimate is a decline of 0.6 per cent compared to the previous financial year when the approved budget was Kshs.5.83 billion and comprised of Kshs.1.83 billion towards development expenditure and Kshs.4.0 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.07 billion (87.5 per cent) as the equitable share of revenue raised nationally and generate Kshs.199.07 million (3.4 per cent) from own source of revenue. The County also expects to receive Kshs.527.95 million (9.1 per cent) as conditional grants as shown in Table 3-213.

3.46.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.24 billion as the equitable share of the revenue raised nationally, raised Kshs.58.14 million as own-source revenue, and had a cash balance of Kshs.1.52 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.30 billion, as shown in Table 3-213.

Table 3-213: Vihiga County, Revenue Performance in the First Quarter of FY 2022/23

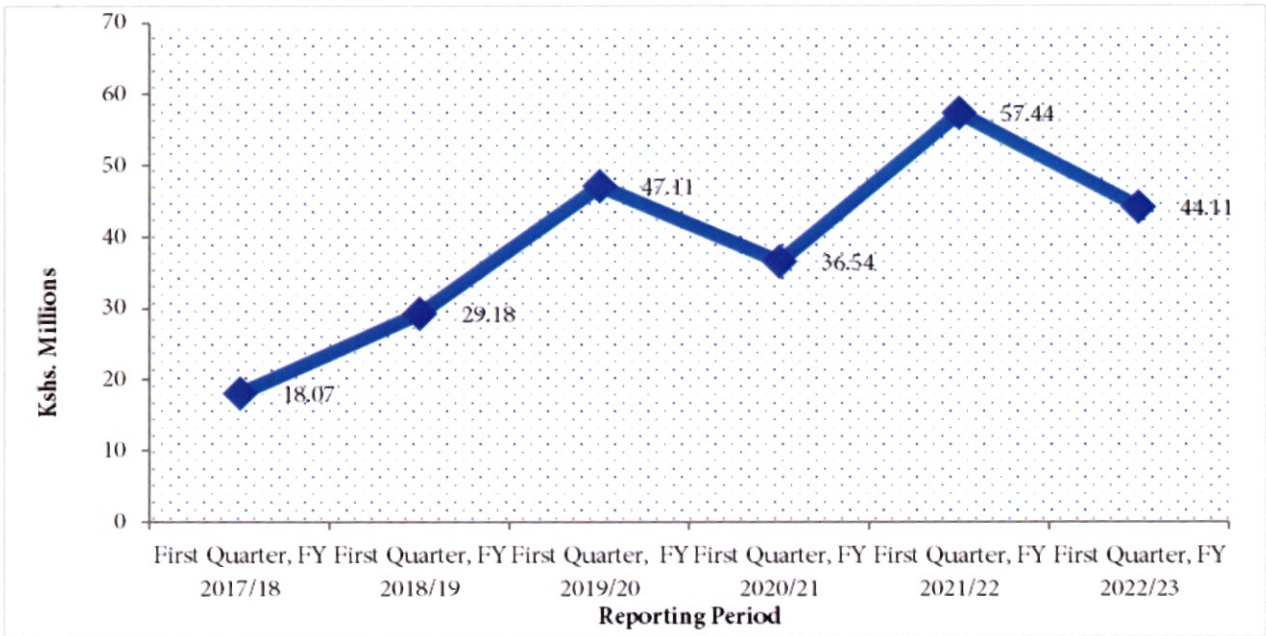
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**5,067,356,827**	**1,241,502,425**	**24.5**
Sub Total		**5,067,356,827**	**1,241,502,425**	**24.5**
B	**Other Sources of Revenue**			
1.	Own Source Revenue	199,073,208	58,141,849	29.2
2.	Leasing of Medical Equipment	110,635,074	-	-
3.	Loans and Grants (DANIDA)	13,230,000	-	-
4.	Transforming Health Systems for Universal Care Project-THS-UHC	86,031,471	-	-
5.	National Agriculture And Rural Inclusive Growth Project - NARIGP	198,457,709	-	-

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
6.	Agriculture Sector Development Support Programme - ASDSP II	12,316,175	-	-
7.	Kenya Devolution Support Programme - KDSP 1	45,000,000	-	-
8.	Kenya Urban Support Programme - UDG Grant	54,779,573	-	-
9.	Nutrition International	7,500,000	-	-
10.	Unspent balance from FY 2021/22	-	1,521,115	-
Sub Total		**727,023,210**	**59,662,964**	**8.2**
Grand Total		**5,794,380,037**	**1,301,165,389**	**22.5**

Source: Vihiga County Treasury

The conditional grants were not released in the First Quarter of FY 2022/23. Figure 3-130 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

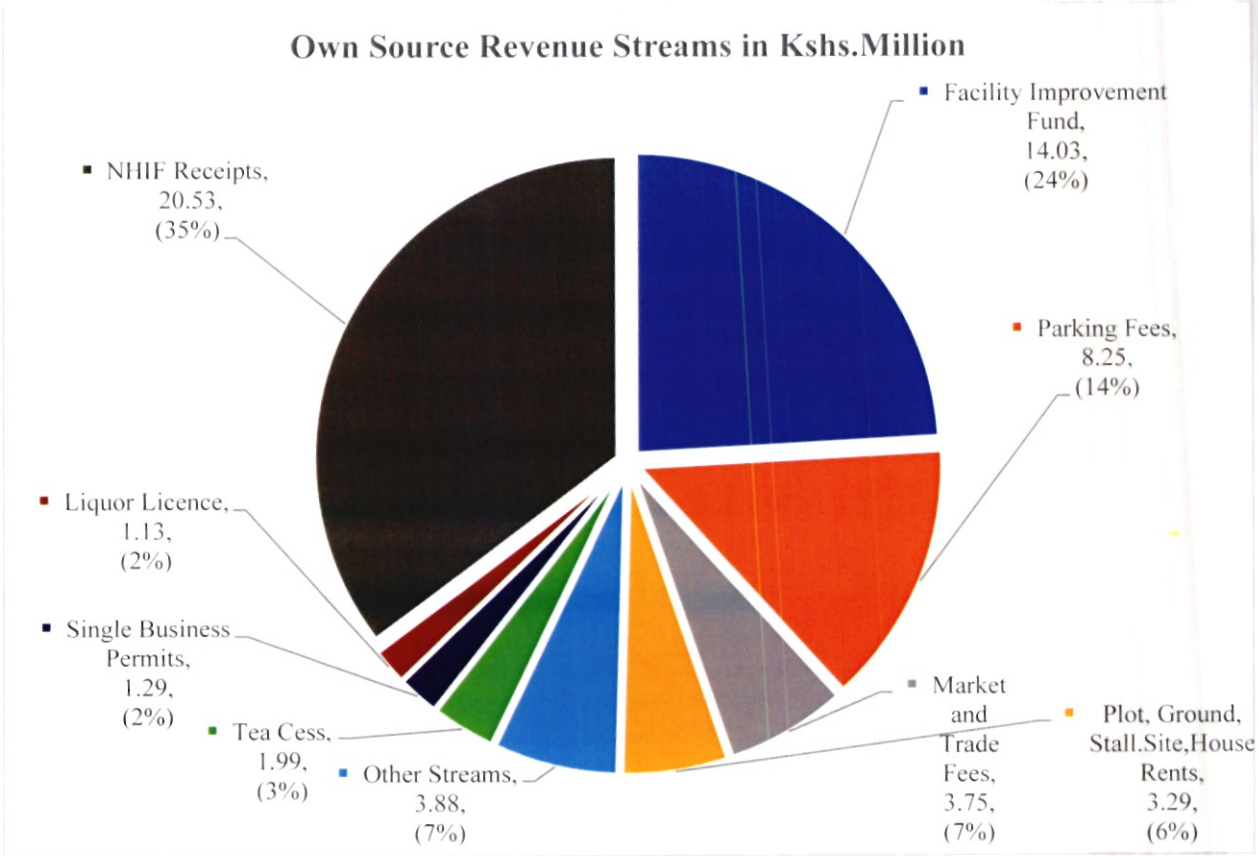
Figure 3-130: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: Vihiga County Treasury

In the First Quarter of FY 2022/23, the County generated a total of Kshs.58.14 million (inclusive of Kshs.14.03 million received as AIA) as own-source revenue. This amount represented an increase of 1.1 per cent compared to Kshs.57.44 million realised in a similar period in FY 2021/22 and was 29.2 per cent of the annual target and 4.5 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-131.

Figure 3-131: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Vihiga County Treasury

The highest revenue stream was from NHIF Receipts of Kshs.20.5 million, which contributed to 35 per cent of the OSR collected in the first quarter of FY 2022/23..

3.46.3 Exchequer Issues

The Controller of Budget approved Kshs.996.082 million in withdrawals from the CRF account during the reporting period. The amount comprised Kshs.106.59 million (11 per cent) for development programmes and Kshs.889.49 million (89 per cent) for recurrent programmes. The exchequer released in the First Quarter of FY 2022/23 comprised Kshs.712.92 million for compensation to employees, Kshs.176.57 million for Operations and Maintenance expenditure and Kshs.106.59 million for development expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.412.87 million.

3.46.4 County Expenditure Review

The County spent Kshs.896.71 million on development and recurrent programmes during the reporting period. This expenditure represented 89.6 per cent of the total funds released by the CoB and comprised Kshs.160.15 million and Kshs.736.56 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 9.2 per cent while recurrent expenditure represented 18.2 per cent of the annual recurrent expenditure budget.

3.46.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.1.25 billion which comprised Kshs.386.16 million for recurrent expenditure and Kshs.868.82 million for development activities. During the

period under review, pending bills amounting to Kshs.100.87 million were settled, consisting of Kshs.10.20 million for recurrent expenditure and Kshs.90.67 million for development programmes. The outstanding pending bills as of 30th September 2022 were therefore Kshs.1.15 billion.

3.46.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.576.35 million on employee compensation, Kshs.115.58 million on operations and maintenance, and Kshs.160.15 million on development activities. Similarly, the County Assembly spent Kshs.39.14 million on employee compensation and Kshs.5.49 million on operations and maintenance, as shown in Table 3-214.

Table 3-214: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**3,436,128,783**	**621,855,167**	**691,927,654**	**44,632,162**	**20.1**	**7.2**
Compensation to Employees	2,200,452,800	350,203,384	576,347,164	39,143,897	26.2	11.2
Operations and Maintenance	1,235,675,980	271,651,783	115,580,490	5,488.265	9.4	2.0
Development Expenditure	**1,731,396,090**	**5,000,000**	**160,151,515**	**0**	**9.2**	**0.0**
Total	**5,167,524,873**	**626,855,167**	**852,079,169**	**44,632,162**	**16.5**	**7.1**

Source: Vihiga County Treasury

3.46.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.615.49 million was 47.3 per cent of the period-realised realised revenue of Kshs.1.30 billion and included Kshs.235.96 million attributable to the health sector, which translated to 38.3 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.454.07 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.161.42 million. The manual payroll amounted to 26.2 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly spent Kshs.480,000 on committee sitting allowances for the 37 MCAs and the Speaker against the annual budget allocation of Kshs.43.8 million which was 1.1 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.4,324 per MCA.

3.46.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.239.19 million to county-established funds in FY 2022/23, which constituted 4.1 per cent of the County's overall budget for the year. Table 3-215 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-215: Performance of County Established Funds as of 30th September 2022

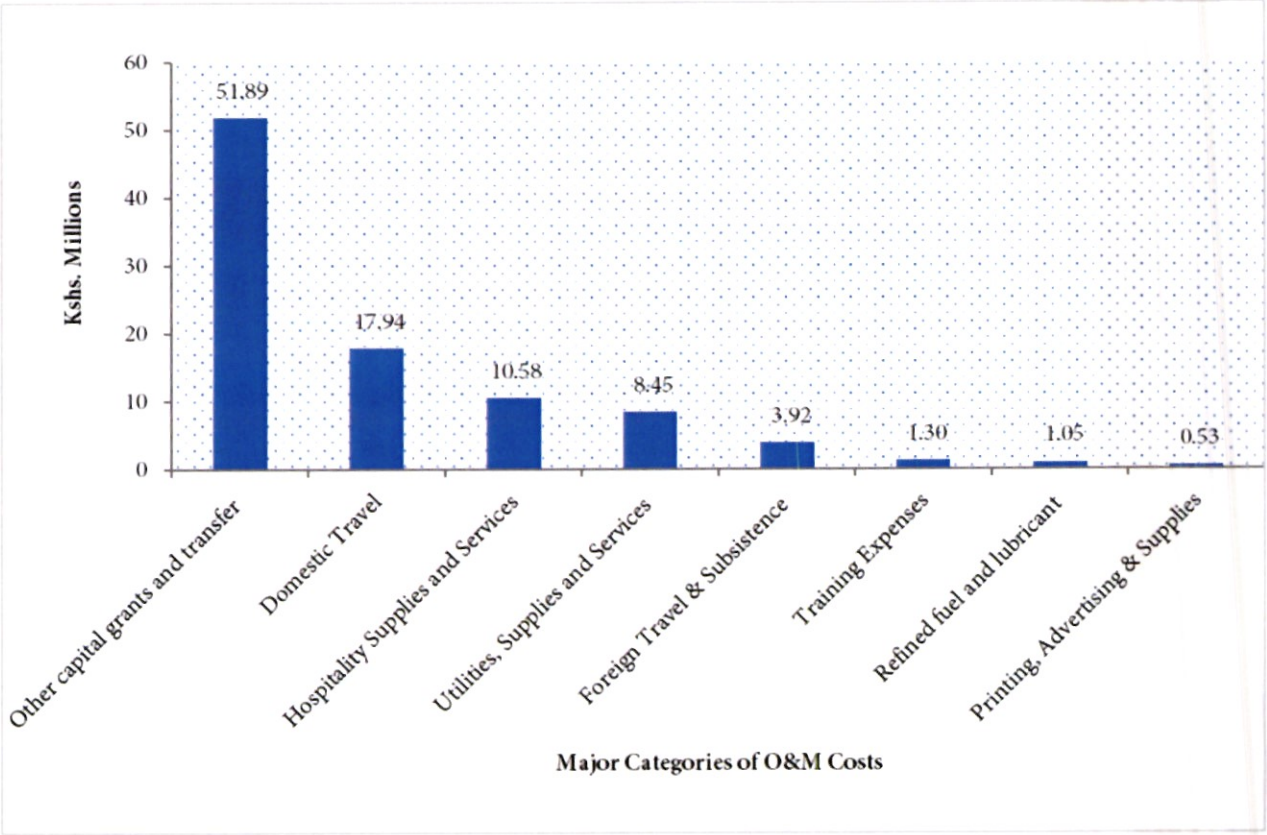
S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
	Bursary Fund	96,590,746	50,000,000	12,188,053	Yes
	Sports Fund	20,000,000	0	0	No
	Trade and Enterprise Fund	2,000,000	0	0	Yes
	Climate Change Fund	80,000,000	0	18,146,349	Yes
	Facility Improvement Fund (FIF)	40,602,720	14,028,103	18,304,229	Yes
	Total	**239,193,466**	**64,028,103**	**48,638,631**	

Source: *Vihiga County Treasury*

3.46.9 Expenditure on Operations and Maintenance

Figure 3-132 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-132: Vihiga County, Operations and Maintenance Expenditure by Major Categories



Source: *Vihiga County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.17.94 million by the County Executive. Expenditure on foreign travel amounted to Kshs.3.92 million by the County Executive.

3.46.10 Development Expenditure

In the First Quarter of FY 2022/23, the County incurred Kshs.160.15 million on development programmes which was mainly spent on settlement of pending bills.

3.46.11 Budget Performance by Department

Table 3-216 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-216: Vihiga County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Co-operatives	207.30	329.07	34.94	80.02	22.52	8.30	64.4	10.4	10.9	2.5
Land, Housing Physical Planning	109.36	165.78	17.60	12.85	5.73	12.85	32.6	100.0	5.2	7.8
Transport and Infrastructure	124.25	160.00	22.49	-	8.99	103.51	40.0	-	7.2	64.7
Industrialization, Trade and Tourism	87.61	59.74	10.86	13.71	10.20	13.71	93.9	100.0	11.6	23.0
County Health Service	1,388.05	228.45	336.40	-	376.27	6.95	111.9	-	27.1	3.0
Education, Science and Technology	449.94	117.60	133.90	-	53.62	-	40.0	0.0	11.9	0.0
Vihiga - County Executive	242.80	17.00	46.03	-	36.08	-	78.4	0.0	14.9	0.0
County Assembly	621.96	5.00	1,434.20	-	44.63	-	3.1	0.0	7.2	0.0
County Treasury	247.70	432.87	42.81	-	58.87	14.83	137.5	-	23.8	3.4
County Public Service Board	48.03	-	8.36		7.09	-	84.8	0.0	14.8	0.0
Public Service and Administration	268.18	38.30	57.47	-	89.32	-	155.4	0.0	33.3	0.0
Gender, Culture, Youth and Sport	101.01	47.50	13.37	-	3.06	-	22.9	0.0	3.0	0.0
Environment, Natural Resources, Water and Forestry	159.88	137.00	21.84	-	20.17	-	92.4	0.0	12.6	0.0
TOTAL	**4,056.07**	**1,738.31**	**2,180.27**	**106.59**	**736.56**	**160.15**	**33.8**	**150.2**	**18.2**	**9.2**

Source: *Vihiga County Treasury*

Analysis of expenditure by department shows that the Department of Transport and Infrastructure recorded the highest absorption rate of development budget at 64.7 per cent, followed by the Department of Industrialization, Trade and Tourism at 23 per cent. The Department of Public Service and Administration had the highest percentage of recurrent expenditure to budget at 33.3 per cent while the Department of Gender, Culture, Youth and Sports had the lowest at 3.0 per cent.

3.46.12 Budget Execution by Programmes and Sub-Programmes

Table 3-217 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-217: Vihiga County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%s)
		A	B	C=A-B	D=B/A*100
Administration, Planning and Support of Service		306,242,495	91,596,607	214,645,888	29.9
	Administrative Service	288,492,495	91,596,607	196,895,888	31.8
	Research and Development	9,750,000	0	9,750,000	0.0
	Formulation of Policies, Regulations and Legal Framework	8,000,000	0	8,000,000	0.0
Livestock Development and Management		18,300,000	516,958	17,783,042	2.8
	Veterinary Services and Extension	11,425,000	516,958	10,908,042	4.5
	Livestock Extension	6,875,000	0	6,875,000	0.0
Fisheries Development and Management	Promotion of Fish Farming	9,275,000	100,000	9,175,000	1.1
		9,275,000	100,000	9,175,000	1.1
Crop Development and Management	Crop Extension	12,925,000	0	12,925,000	0.0
		3,175,000	0	3,175,000	0.0
	Farm Input Subsidy	9,750,000	0	9,750,000	0.0
Cooperatives Development	Cooperative Development Services	16,825,000	19,867	16,805,133	0.1
		16,825,000	19,867	16,805,133	0.1
Land Survey and Mapping Services	Land Survey and Mapping	2,500,000	0	2,500,000	0.0
		2,500,000	0	2,500,000	0.0
1 Urban and Physical Planning and Housing Services	Urban and Physical Planning	43,440,030	1,262,400	42,177,630	2.9
		2,000,000	750,000	1,250,000	37.5
	Vihiga Municipality {KUSP}	41,440,030	512,400	40,927,630	1.2
Administration, Planning and Support Service	Administrative Service	233,724,814	79,485,212	154,239,601	34.0
		233,724,814	79,485,212	154,239,601	34.0
Transport Management	Transport System Management	12,055,200	0	12,055,200	0.0
		12,055,200	0	12,055,200	0.0
Infrastructure Development	Roads Maintenance	400,000	0	400,000	0.0
		400,000	0	400,000	0.0
Administration, Planning and Support Service	Administrative Service	60,423,542	17,688,532	42,735,010	29.3
		60,423,542	17,688,532	42,735,010	29.3
Public Finance Management	ICT Printing press	6,621,506	0	6,621,506	0.0
		6,621,506	0	6,621,506	0.0
Trade Development and Investment	Market Development and Management	13,850,000	2,250,000	11,600,000	16.2
		12,350,000	2,250,000	10,100,000	18.2
	Business Support and Consumer Protection	1,500,000	0	1,500,000	0.0
Tourism Development	Tourism Promotion and Branding	1,000,000	0	1,000,000	0.0
		1,000,000	0	1,000,000	0.0

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%s)
		A	B	C=A-B	D=B/A*100
Administration, Planning and Support Services	Administrative Service	765,869,127	404,251,716	361,617,411	52.8
		187,826,911	7,926,956	179,899,955	4.2
	Human Resource Management and Development	571,177,216	396,146,760	175,030,456	69.4
	Healthcare Financing	6,865,000	178,000	6,687,000	2.6
Promotive and Preventive Healthcare Services		4,670,000	0	4,670,000	0.0
	Public Health Services	2,060,000	0	2,060,000	0.0
	Community Health Strategy	1,000,000	0	1,000,000	0.0
	Health Promotion	250,000	0	250,000	0.0
	Reproductive Healthcare	1,350,000	0	1,350,000	0.0
	Disease Surveillance and Emergency	10,000	0	10,000	0.0
Curative and Rehabilitative Health Services		29,650,000	0	29,650,000	0.0
	Medical services	29,400,000	0	29,400,000	0.0
	County referral services	250,000	0	250,000	0.0
Child and Maternal Health Care		8,060,000	995,000	7,065,000	12.3
	Antenatal and Post Natal healthcare	1,300,000	0	1,300,000	0.0
	Antenatal and Post Natal Healthcare	5,260,000	995,000	4,265,000	18.9
	Newborn, Child and Adolescent Health	250,000	0	250,000	0.0
	Nutrition Services	1,250,000	0	1,250,000	0.0
Administration, Planning and Support Service		85,065,873	3,830,210	81,235,663	4.5
	Administrative Service	85,065,873	3,830,210	81,235,663	4.5
Vocational Education and Training		72,797,046	593,100	72,203,946	0.8
	Youth Polytechnic Development	72,797,046	593,100	72,203,946	0.8
Early Childhood Development		125,907,607	31,441,289	94,466,318	25.0
	ECD Development	125,907,607	31,441,289	94,466,318	25.0
Administration, Planning and Support of Service		583,472,878	240,749,141	342,723,737	41.3
	Administrative Service	564,930,541	239,907,986	325,022,555	42.5
	County Administration	7,273,767	841,155	6,432,612	11.6
	County Radio Information Services	11,268,570	0	11,268,570	0.0
Coordination of Policy Formulation Implementation of Vision 2030		2,500,000	0	2,500,000	0.0
	Emergency & Disaster Fund	2,500,000	0	2,500,000	0.0

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%s)
		A	B	C=A-B	D=B/A*100
Public Finance Management		61,658,750	3,488,620	58,170,130	5.7
	Public Finance Management	45,376,250	135,200	45,241,050	0.3
	Accounting Services	1,400,000	0	1,400,000	0.0
	Audit Services	4,022,500	1,222,000	2,800,500	30.4
	Budget Formulation Coordination	3,650,000	833,000	2,817,000	22.8
	Resource Mobilization	2,105,000	459,500	1,645,500	21.8
	Budget Expenditure Management	5,105,000	838,920	4,266,080	16.4
County Planning Services		5,825,000	0	5,825,000	0.0
	Monitoring and Evaluation	2,275,000	0	2,275,000	0.0
	Coordination of Policy Formulation and Plans	3,550,000	0	3,550,000	0.0
Management and Administration of County Services		36,738,052	2,438,730	34,299,322	6.6
	County Executive	17,053,052	2,288,730	14,764,322	13.4
	County Secretary	11,335,000	150,000	11,185,000	1.3
	Legal Services	8,350,000	0	8,350,000	0.0
Administration, Planning and Support Service		28,056,852	2,131,241	25,925,611	7.6
	Administrative Service	28,056,852	2,131,241	25,925,611	7.6
Promotion of Sports		40,800,000	0	40,800,000	0.0
	Promotion of Sports	28,075,000	0	28,075,000	0.0
	Promotion of Culture and Heritage	12,725,000	0	12,725,000	0.0
Social Protection		5,400,000	239,000	5,161,000	4.4
	Social Protection	2,750,000	0	2,750,000	0.0
	Gender, Children, Youth and People with Disability	2,650,000	239,000	2,411,000	9.0
Administration, Planning and Support Service		77,941,969	16,373,708	61,568,261	21.0
	Administrative Service	77,941,969	16,373,708	61,568,261	21.0
		50,832,500	260,000	50,572,500	0.5
	Water Supply Management	30,520,000	120,000	30,400,000	0.4
Water Supply Management	Waste Water Management	20,312,500	140,000	20,172,500	0.7
Environmental Protection and Conservation		7,397,500	0	7,397,500	0.0
	Environmental Protection and Conservation	7,397,500	0	7,397,500	0.0
1005004860		14,370,000	0	14,370,000	0.0
	Farm Forest Management	5,072,500	0	5,072,500	0.0
	Natural Resources management	9,297,500	0	9,297,500	0.0
	Grand Total	**2,744,595,739**	**899,711,331**	**1,844,884,408**	**32.8**

Source: *Vihiga County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates other than administrative services were: Human Resource Management and Development at 69.4 per cent, Audit Services at 30.4 per cent,

and ECD Development at 25 per cent of budget allocation. The report on budget execution by programmes and sub-programmes is based on the half budget which was opened in IFMIS for utilization and excluded the County Assembly.

3.46.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Weak budgeting practice as shown in Table 3-216, where the County incurred expenditure over approved exchequer issues in a number of departments.
2. High level of pending bills which amounted to Kshs.1.15 billion as of 30th September 2022. This is despite the availability of cash in the CRF which stood at Kshs.412.87 million at the end of the First Quarter of FY 2022/23.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.161.42 million were processed through the manual payroll and accounted for 26.2 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
2. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.47 County Government of Wajir

3.47.1 Overview of FY 2022/23 Budget

The County did not have an approved budget in the First Quarter of FY 2022/23. For approval, a draft budget estimate was tabled to County Assembly in September 2022. The draft budget amounted to Kshs.8.68 billion, comprising Kshs.3.37 billion (38.8 per cent) and Kshs.5.31 billion (61.2 per cent) allocation for development and recurrent programmes, respectively. The draft budget estimate is a decline of 6.2 per cent compared to the previous financial year when the approved budget was Kshs.9.25 billion and comprised of Kshs.4.02 billion towards development expenditure and Kshs.5.23 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.19 billion (82.8 per cent) as the equitable share of revenue raised nationally and generate Kshs.629.50 million (7.2 per cent) from its source of revenue. The County also expects to receive Kshs.867.98 million (10.0 per cent) as conditional grants, which consist of Kshs.298.66 million (3.4 per cent) as National Agricultural and Rural Inclusive Growth Project, Kshs.80.44 million (0.9 per cent) as Wajir Forming Health Systems for Universal Care Project, Kshs.12.76 million (0.1 per cent) as DANIDA Grant, Kshs.153.30 million (1.8 per cent) for Leasing of Medical Equipment, Kshs.21.53 million (0.2 per cent) as Agricultural Sector Development Support Programme II, Kshs.105.80 million (1.2 per cent) as Kenya Devolution Support Project (KDSP) "*Levels 2 grants*", Kshs.50 million (0.6 per cent) as KISIP II, Kshs.145.50 million (1.7 per cent) as Financing Locally Led Climate Action.

3.47.2 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.56 billion as the equitable share of the revenue raised nationally, raised Kshs.9.9 million as own-source revenue, had conditional funds carried forward of

Kshs.155.22 million and had Kshs.698.9 million unspent funds from the previous FY. The total funds available for budget implementation during the period amounted to Kshs.2.43 billion, as shown in In the First Quarter of FY 2022/23, the County received Kshs.1.71 billion as the equitable share of the revenue raised nationally, raised Kshs.37.07 million as own-source revenue and had a cash balance of Kshs.639.84 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.2.39 billion, as shown in Table 3-150.Table 3-150: Nandi County, Revenue Performance in the First Quarter of FY 2022/23.

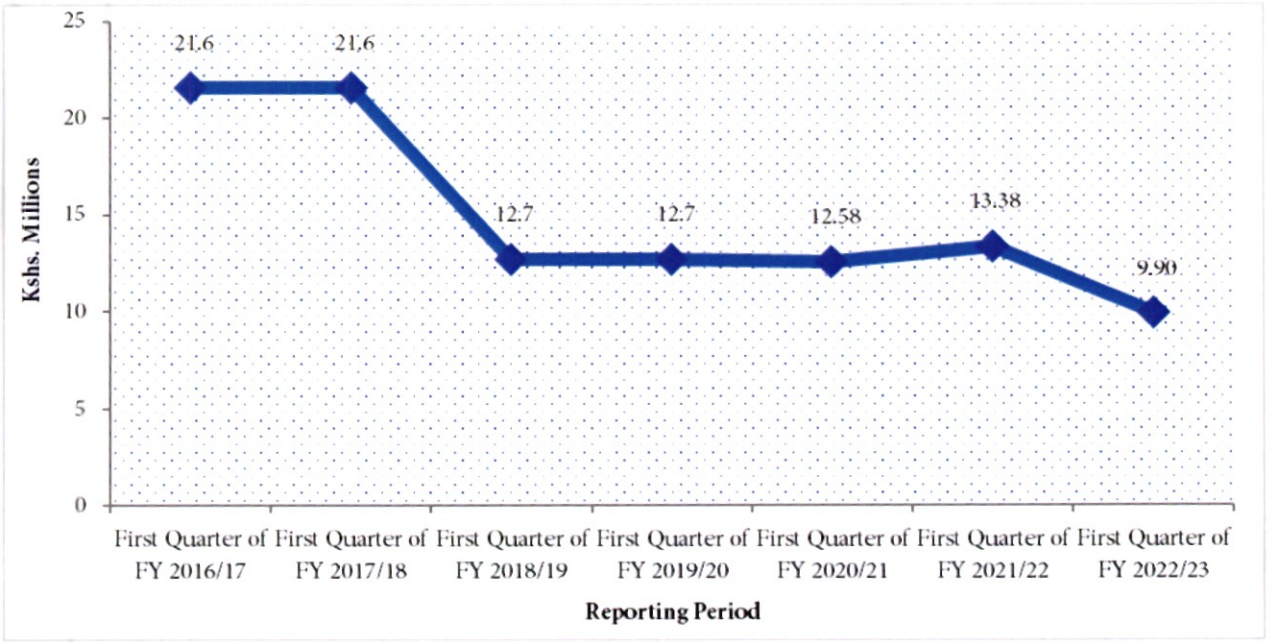
Table 3-218: Wajir County, Revenue Performance in the First Quarter of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,474,726,151	1,563,329,815	16.5
Sub Total		**9,474,726,151**	**1,563,329,815**	**16.5**
B	**Conditional Grants**			
1	Wajir Water and Sanitation Project	550,000,000	-	-
2	Kenya Climate Smart Agriculture Project	346,040,790	-	-
3	Kenya Informal Settlement Improvement Project (KISIP II)	230,000,000	-	-
4	Emergency Locust Response Project (ELRP)	49,529,250	-	-
5	DANIDA to finance Universal Healthcare	18,009,000	-	-
6	EU grant to finance Instruments for Devolution Advice and Support (IDEAS) program	15,626,168	-	-
7	Agriculture Sector Development Support Programme II (ASDSP II)	12,880,510	-	-
8	Locally-Led Climate Action Program (FLLoCA)	10,000,000	-	-
9	Kenya Climate Smart Agriculture Project BBF 2021/22	48,491,915	48,491,915	100.0
10	RVF Control Technical Support by FAO	1,247,800	-	-
11	Emergency Locust Response Project BBF 2021/22	18,730,781	18,730,781	100.0
12	Kenya Urban Support Programme BBF 2021/22	24,462,565	24,462,565	100.0
13	Kenya Devolution Support Programme BBF 2020/21	63,535,028	63,535,028	100.0
	Sub-Total	**1,388,553,807**	**155,220,289**	**11.2**
C	**Other Sources of Revenue**			
1	Own Source Revenue	100,000,000	9,897,300	9.9
2	Balance Brought Forward from the Previous Year	698,916,355	698,916,355	100.0
Sub Total		**798,916,355**	**708,813,655**	**88.7**
Grand Total		**11,662,196,312**	**2,427,363,759**	**20.8**

Source: *Wajir County Treasury*

Figure 3-133 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

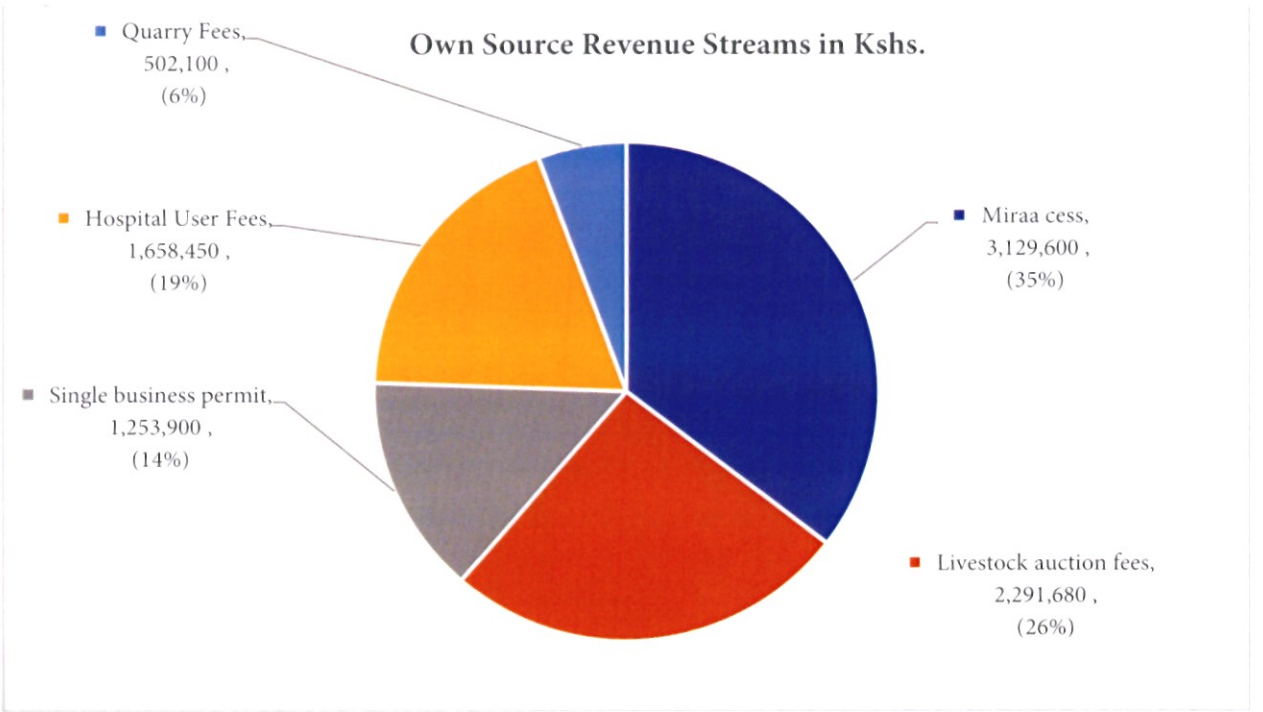
Figure 3-133: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: *Wajir County Treasury*

In the First Quarter of FY 2022/23, the County generated a total of Kshs.9.9 million as own-source revenue. This amount represented a decrease of 26 per cent compared to Kshs.13.38 million realised in a similar period in FY 2021/22 and was 9.9 per cent of the annual target and 0.6 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 3-134.

Figure 3-134: Top Five Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Wajir County Treasury

The highest revenue stream was from Miraa cess of Kshs.3.1 million, which contributed to 35 per cent of the OSR collected in the first quarter of FY 2022/23.

3.47.3 Exchequer Issues

The County did not make any requisition in the period under review. The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.2.29 billion.

3.47.4 County Expenditure Review

The County did not report any requisition in the period under review.

3.47.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.5.45 billion comprising Kshs.4.03 billion for development and Kshs.1.47 billion for recurrent. The figures are based on the Assumption of Office Committee report and will be subjected to verification to ascertain their authenticity. No pending bills were paid in the period.

3.47.6 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Delay in passage of Appropriation Act. The county had not passed an appropriation Act nor a Vote on Account in the period.
2. Failure to approve a Vote on Account to facilitate essential services. The County did not pass a budget or a Vote-on-Account by the end of FY 2022/23
3. The underperformance of own-source revenue at Kshs.9.9 million against an annual projection of Kshs.100 million, representing 9.9 per cent of the yearly target.
4. The high level of pending bills amounted to Kshs.5.45 billion as of 30th September 2022, despite the availability of cash in the CRF, which stood at Kshs.2.29 billion at the end of the First Quarter of FY 2022/23.

The County should implement the following recommendations to improve budget execution;

1. *The County should ensure the timely passage of crucial budget documents to ensure the smooth provision of services to its citizens.*
2. *Where a budget is not passed in time, the county should ensure a Vote-on-Account is passed as per law to provide essential services during the budget period.*
3. *The County should address its source revenue performance to ensure the approved budget is fully financed.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*

3.48 County Government of West Pokot

3.49 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.7.48 billion, comprising Kshs.2.58 billion (34.6 per cent) and Kshs.4.89 billion (65.4 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 2.5 per cent compared to the previous financial year when the approved budget was Kshs.7.67 billion and comprised of Kshs.2.52 billion towards development expenditure and Kshs.5.15 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.29 billion (84.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.170 million (2.3 per cent) from its source of revenue, and a cash balance of Kshs.486.55 million (6.5 per cent) from FY 2021/22. The County also expects to receive Kshs.530.80 million (7.1 per cent) as conditional grants, which consist of Kshs.353.74 million for financing the Climate Smart Agriculture

Project and Kshs.10.93 million for the Agriculture Sector Development Support Programme II. Others are Kshs.10.54 million for DANIDA, Kshs.30.76 Million for Emergency Locust Response Project and Kshs.125 million for Financing the Locally Led Climate Action Programme.

The cash balance from the previous financial year comprises equitable amounting to Kshs.381.35 Million conditional grant of Kshs.48.70 million for Kenya Devolution Support Programme, Kshs.52 million for Transforming Health Systems for Universal Health Care.

3.49.1 Revenue Performance

In the First Quarter of FY 2022/23, the County received Kshs.1.04 billion as the equitable share of the revenue raised nationally, raised Kshs.18.97 million as own-source revenue, and had a cash balance of Kshs.486.55 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.54 billion, as shown in Table 3-219.

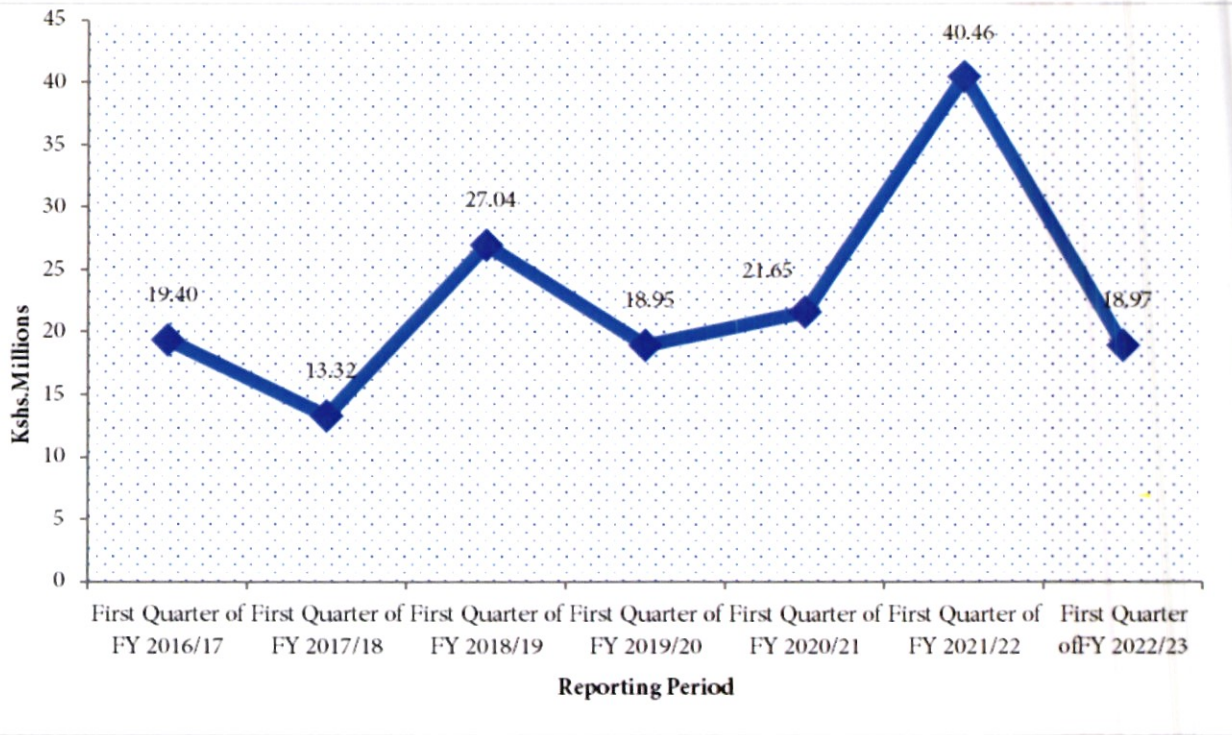
Table 3-219: West Pokot County, Revenue Performance in the First Quarter of FY 2022/23

S/ No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,288,284,329	1,039,051,915	16.5
Sub Total		**6,288,284,329**	**1,039,051,915**	**16.5**
B	**Conditional Grants**			
1	Kenya Climate Smart Agriculture Project	353,574,020	-	-
2	Agriculture Sector Development Support Programme II	10,927,742	-	-
3	DANIDA	10,538,600	-	-
4	Emergency Locust Response Project	30,759,700	-	-
5	Financing Locally Led Climate Programme	125,000,000	-	-
	Sub-Total	**530,800,062**	-	-
D	**Other Sources of Revenue**			
1	Own Source Revenue	170,000,000	18,966,451	11.2
2	Balance b/f from FY2021/22	486,551,211	486,551,211	100.0
Sub Total		**656,551,211**	**505,517,662**	**77.0**
Grand Total		**7,475,635,602**	**1,544,569,577**	**20.7**

Source: *West Pokot County Treasury*

The County did not get the disbursement of conditional grants in the First Quarter of FY 2022/23. Figure 3-135 shows the annual trend in own-source revenue collection for the First Quarter from FY 2016/17 to FY 2022/23.

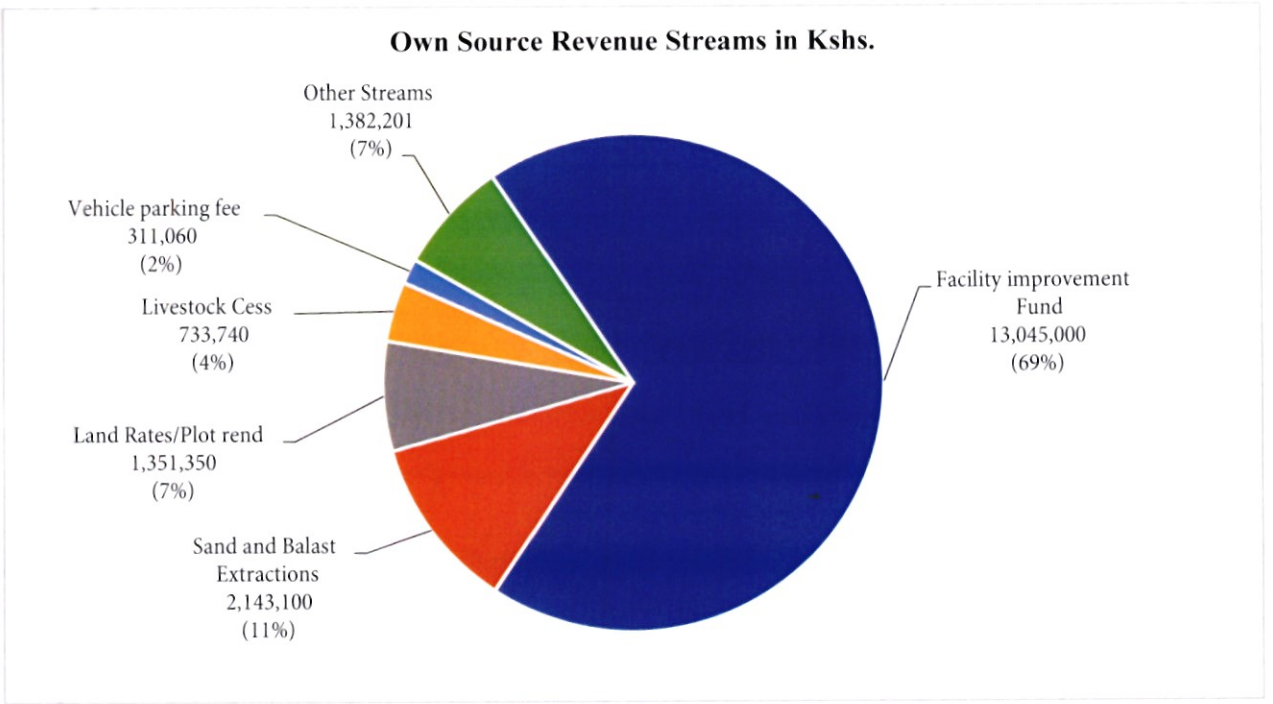
Figure 3-135: Trend in Own-Source Revenue Collection for the First Quarter of the FY 2016/17 to FY 2022/23



Source: *West Pokot County Treasury*

In the First Quarter of FY 2022/23, the County generated a total of Kshs.18.97 million as own-source revenue. This amount represented a decrease of 53.1 per cent compared to Kshs.40.46 million realised in a similar period in FY 2021/22 and was 11.2 per cent of the annual target. The top five revenue streams which contributed the highest OSR are shown in Figure 3-136.

Figure 3-136: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23 (Kshs Million)



Source: *West Pokot County Treasury*

The highest revenue stream was from Facility Improvement Fund of Kshs.13.1 million, which contributed to 69 per cent of the OSR collected in the first quarter of FY 2022/23.

3.49.2 Exchequer Issues

The Controller of Budget approved Kshs.670.44 million in withdrawals from the CRF account, which was entirely for recurrent programmes during the reporting period. The exchequer released comprised Kshs.627.00 million for compensation to employees and Kshs.43.44 million for Operations and Maintenance.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.554.52 million.

3.49.3 County Expenditure Review

The County spent Kshs.670.44 million on recurrent programmes during the reporting period. This expenditure represented 100 per cent of the total funds released by the CoB and was entirely for recurrent expenditure programmes. Expenditure on recurrent expenditure represented 13.7 per cent of the annual recurrent expenditure budget.

3.49.4 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County reported the stock of pending bills of Kshs.132.13 million, which comprised Kshs.52.33 million for recurrent expenditure and Kshs.81.80 million for development activities. The County did not settle these pending bills in the period under review.

3.49.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.586.29 million on employee compensation and Kshs.41.66 million on operations and maintenance. Similarly, the County Assembly spent Kshs.40.71 million on employee compensation and Kshs.1.78 million on operations and maintenance, as shown in Table 3-220.

Table 3-220: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,316,720,271**	**575,252,658**	**627,949,349**	**42,489,460**	**14.5**	**7.4**
Compensation to Employees	2,490,034,910	321,452,296	586,286,438	40,708,661	23.5	12.7
Operations and Maintenance	1,826,685,361	253,800,362	41,662,911	1,780,798	2.3	0.7
Development Expenditure	2,483,662,673	100,000,000	-	-	-	-
Total	**6,800,382,944**	**675,252,658**	**627,949,349**	**42,489,460**	**9.2**	**6.3**

***Source**: West Pokot County Treasury*

3.49.6 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.627 million was 40.6 per cent of the realised revenue of Kshs.1.54 billion and included Kshs.317.52 million attributable to the health sector, which translated to 50.6 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.592.44 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.34.56 million. The manual payroll amounted to 5.5 per cent of the total P.E costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly did not report any expenditure on committee sitting allowances for the 37 MCAs and the Speaker against the annual budget allocation of Kshs.31.79 million.

3.49.7 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.854.69 million to county-established funds in FY 2022/23, constituting 11.4 per cent of the County's overall budget for the year. Table 3-221 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3-221: Performance of County Established Funds as of 30th September 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	County Bursary Fund	440,500,000	0	0	No
2.	County Cooperative Development Fund	324,192,787	0	0	No
County Assembly Established Funds					

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30th September 2022 (Kshs.)	Actual Expenditure as of 30th September 2022 (Kshs.)	Submission of Financial Statements as of 30th September 2022 (Yes/No.)
		A	B	C	D
3.	Car Loan and Mortgage for Members	70,000,000	0	0	No
4.	Car Loan for staff	20,000,000	0	0	No
	Total	**854,692,787**			

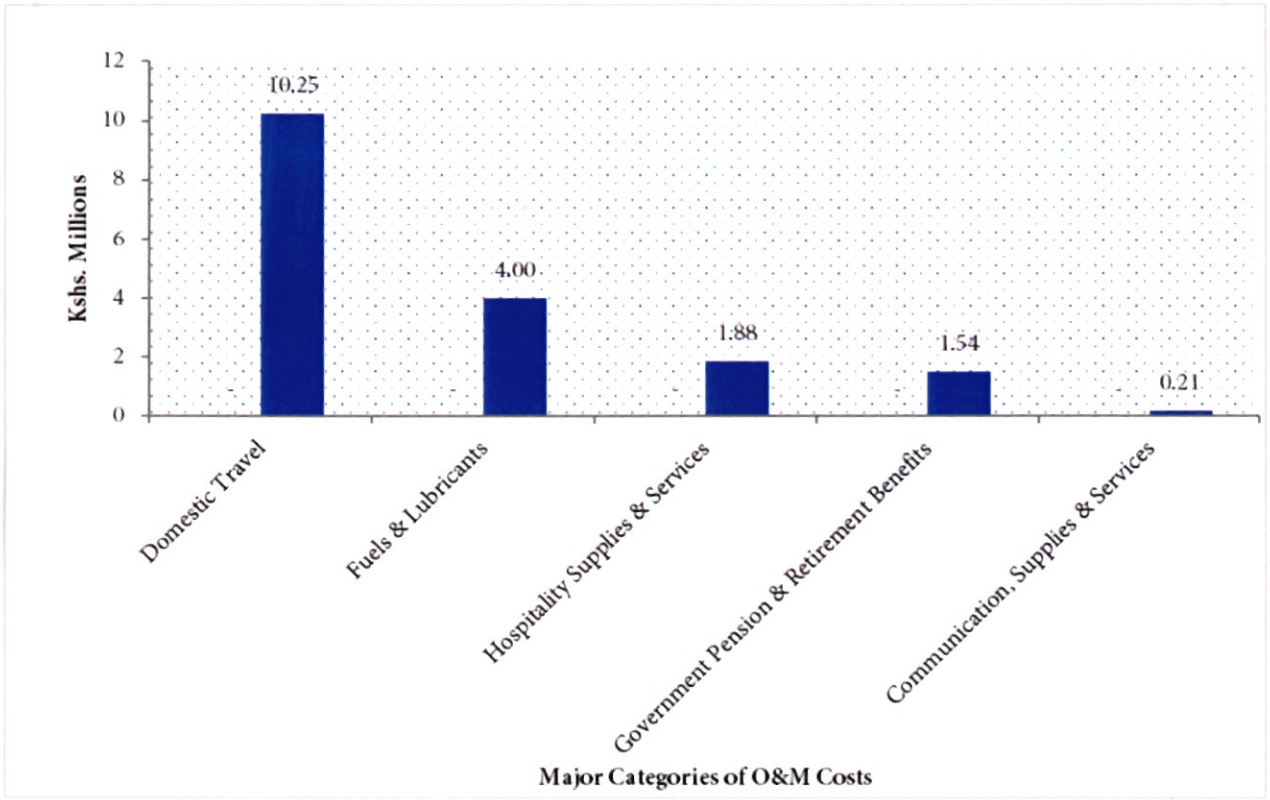
Source: *West Pokot County Treasury*

The OCoB did not receive quarterly financial returns from the Fund Administrators of the funds established, as indicated in Table 3-221, which is against the requirement of Section 168 of the PFM Act, 2012.

3.49.8 Expenditure on Operations and Maintenance

Figure 3-137 summarises operations and maintenance expenditure by significant categories.

Figure 3-137: West Pokot County, Operations and Maintenance Expenditure by Major Categories



Source: *West Pokot County Treasury*

3.49.9 Development Expenditure

In the First Quarter of FY 2022/23, the County did not report any expenditure on development programmes.

3.49.10 Budget Performance by Department

Table 3-222 summarises the approved budget allocation, expenditure and absorption rate by departments in the First Quarter of FY 2022/23.

Table 3-222: West Pokot County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	415.86	127.00	68.60	-	68.60	-	100.0	-	16.5	-
Finance and Economic Planning	284.99	51.84	61.87	-	61.87	-	100.0	-	21.7	-
Roads, Public Works, Transport and Infrastructure	91.71	501.88	10.63	-	10.63	-	100.0	-	11.6	-
Health, Sanitation and Emergencies	1,659.72	252.49	321.77	-	321.77	-	100.0	-	19.4	-
Education and Technical training	874.52	194.91	69.88	-	69.88	-	100.0	-	8.0	-
Agriculture and Irrigation	99.47	467.53	16.65	-	16.65	-	100.0	-	16.7	-
Pastoral Economy	102.19	135.43	14.28	-	14.28	-	100.0	-	14.0	-
Trade, Industrialization, Investment & Cooperatives	91.99	332.03	9.98	-	9.98	-	100.0	-	10.8	-
Land, Housing, Physical Planning and Urban Dev	116.83	21.46	12.77	-	12.77	-	100.0	-	10.9	-
Water, Environment and Natural Resources	83.19	367.48	12.61	-	12.61	-	100.0	-	15.2	-
Tourism, Youth, Sports, Gender and Social Services	86.09	31.60	8.53	-	8.53	-	100.0	-	9.9	-
County Public Services, ICT & Decentralized Units	266.49	-	19.21	-	19.21	-	100.0	-	7.2	-
Intergovernmental, Special programmes and Directorates	44.88	-	1.19	-	1.19	-	100.0	-	2.6	-
County Assembly	674.04	100.00	42.49	-	42.49	-	100.0	-	6.3	-
TOTAL	**4,891.97**	**2,583.66**	**670.44**	-	**670.44**	-	**100.0**	-	**13.7**	-

Source: *West Pokot County Treasury*

Analysis of expenditure by the department shows that the Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 21.7 per cent. In contrast, the Department of Intergovernmental, special programmes and Directorates had the lowest at 2.6 per cent.

The allocation for recurrent for County Assembly and the County Executive is within the CARA 2022 ceilings

3.49.11 Budget Execution by Programmes and Sub-Programmes

Table 3-223 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2022/23.

Table 3-223: West Pokot County, Budget Execution by Programmes and Sub-Programmes

Programme/SP	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	A	B	C=A-B	D=B/A*100
Programme 1-COUNTY EXECUTIVE				
SP 1 - (General Administration, planning and Support Services)	479,243,710	64,210,769	415,032,942	13
SP 2 -(County Public service Board	18,597,120	1,402,455	17,194,665	8
SP 3 -(County Executive Affairs)	33,537,415	2,594,100	30,943,315	8
SP 4-(Liasion and Intergovernmental service)	11,482,615	391,000	11,091,615	3
TOTAL	**542,860,860**	**68,598,324**	**474,262,536**	13
Programme 2 - FINANCE &ECONOMIC PLANNING				

Programme/SP	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	A	B	C=A-B	D=B/A*100
SP 1(General Administration, planning and Support Services	290,472,183	60,997,507	229,474,676	21
SP 2-(Treasury Accounting Services)	4,859,823		4,859,823	0
SP 3-(Supply Chain Management services)	2,868,000		2,868,000	0
SP 4-(Resource Mobilization)	7,860,000	111,300	7,748,700	1
SP 5-(Internal Audit services)	4,043,600	285,600	3,758,000	7
SP 6-(Budget Formulation services)	9,446,000		9,446,000	0
SP 7-(Economic Planning)	14,479,832	475,000	14,004,832	3
SP 8-(Monitoring and Evaluation)	2,800,000		2,800,000	0
TOTAL	**336,829,438.00**	**61,869,406.85**	**274,960,031.15**	18
Programme 3 - ROADS, PUBLIC WORKS, TRANSPORT AND INFRASTRUCTURE				
SP 1(General Administration, planning and Support Services	84,040,881	10,625,089	73,415,792	13
SP 2(Road Transport)	204,857,782		204,857,782	0
SP 3(CONSTRUCTION OF BRIDGES)	41,806,858		41,806,858	0
SP 5-(Ward Specific Projects)	122,000,000		122,000,000	0
TOTAL	**452,705,521.00**	**10,625,088.95**	**442,080,432.05**	2
Programme 4 - HEALTH AND SANITATION				
SP 1(General Administration, planning and Support Services	1,349,117,257	321,772,661	1,027,344,596	24
SP 2-(Preventive Health Services)	86,816,000		86,816,000	0
SP 3-(Curative Health Services)	257,900,069		257,900,069	0
SP 4-(Kacheliba Sub-county hospital)	12,940,000		12,940,000	0
SP 5-(Sigor Sub-county hospital)	12,860,000		12,860,000	0
SP 6-(Chepareria Sub-county hospital)	12,860,000		12,860,000	0
SP 7(Facility Improvement Fund)	76,100,000		76,100,000	0
SP 8(Ward Specific)	103,620,019		103,620,019	0
TOTAL	**1,912,213,345**	**321,772,661**	**1,590,440,684**	17
Programme 5 - EDUCATION AND TECHNICAL TRAINING				
SP 1(General Administration, planning and Support Services	438,617,220	69,877,665	368,739,555	16
SP 2 -(ECD Services)	38,959,648		38,959,648	0
SP 3-(Youth Vocational training)	39,305,408		39,305,408	0
SP 4-(Bursary Fund)	440,500,000		440,500,000	0
SP 5 - (Ward specific)	112,050,000		112,050,000	0
TOTAL	**1,069,432,276**	**69,877,665**	**999,554,611**	7
Programme 6 - AGRICULTURE AND IRRIGATION				
SP 1 - (General Administration, planning and Support Services)	95,686,450	16,646,793	79,039,657	17
SP 2-(Crop Development and Management)	466,179,720		466,179,720	0
SP 3-(Cash Crop Production(Special Programs)	3,142,000		3,142,000	0
SP 4 -(Ward specific)	2,000,000		2,000,000	0
TOTAL	**567,008,170**	**16,646,793**	**550,361,377**	3
Programme 7 - PASTORAL ECONOMY				
SP 1 - (General Administration, planning and Support Services)	90,773,653	14,277,943	76,495,710	16
SP 2 - (Livestock production and Range Management)	110,671,742		110,671,742	0
SP 3-(Livestock Disease management)	5,718,400		5,718,400	0
SP 4-(Fisheries Development)	434,400		434,400	0
SP 5-(Nasukuta Livestock Improvement Center)	528,000		528,000	0
SP 6 -(Ward specific)	27,650,000		27,650,000	0
SP 7 -(Dairy Development(Special Programmes)	1,842,000		1,842,000	0
TOTAL	**237,618,195**	**14,277,943**	**223,340,252**	6
Programme 8 - TRADE, INDUSTRIALISATION, INVESTMENT & COOPERATIVES DEVELOPMENT				

Programme/SP	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	A	B	C=A-B	D=B/A*100
SP 1 - (General Administration, planning and Support Services)	82,737,137	9,976,983	72,760,154	12
SP 2-(Cooperative Development)	324,192,787		324,192,787	0
SP 3 - (Trade, License and Market Development)	6,360,000		6,360,000	0
SP 4-(Ward specific)	10,727,882		10,727,882	0
TOTAL	**424,017,806**	**9,976,983**	**414,040,823**	2
Programme 9 - LANDS, HOUSING, PHYSICAL PLANNING AND URBAN DEVELOPMENT				
SP 1 - (General Administration, planning and Support Services)	79,401,322	12,768,593	66,632,729	16
SP 2 -(Land Policy and Physical Planning)	2,348,800		2,348,800	0
SP 3-(Housing Development)	912,000		912,000	0
SP 4-(Urban Development)	15,398,569		15,398,569	0
SP 5-(Kapenguria Municipality)	35,134,000		35,134,000	0
SP 6-(Ward specific)	5,100,000		5,100,000	0
TOTAL	**138,294,691**	**12,768,593**	**125,526,098**	9
Programme 10 - WATER, ENVIRONMENT AND NATURAL RESOURCES				
SP 1 - (General Administration, Planning and Support Services)	69,503,713	12,608,229	56,895,484	18
SP 2 -(Water Supply Services)	112,733,972		112,733,972	0
SP 3 -(Environment & Natural Resource Development)	137,081,280		137,081,280	0
SP 4 -(Ward Specific)	131,350,000		131,350,000	0
TOTAL	**450,668,965**	**12,608,229**	**438,060,736**	3
Programme 11 - YOUTH, SPORTS, TOURISM, GENDER AND SOCIAL SERVICES.				
SP 1 - (General Administration, planning and Support Services)	54,503,500	8,531,833	45,971,667	16
SP 2-(Tourism Development)	3,478,413		3,478,413	0
SP 3-(Gender,Youths and Sports Development)	53,803,279		53,803,279	0
SP 4(Culture and Social Development)	1,939,718		1,939,718	0
SP 5-(Ward Specific)	3,965,131		3,965,131	0
TOTAL	**117,690,041**	**8,531,833**	**109,158,208**	7
Programme 12 - COUNTY PUBLIC SERVICE, ICT AND DECENTRALISED UNITS				
SP 1 - (General Administration, planning and Support Services)	250,213,139	18,595,143	231,617,996	7
SP 2-(Human Resource)	1,944,000		1,944,000	0
SP 3-(Legal Services)	8,862,000		8,862,000	0
SP 4 - (Records Management)	644,000		644,000	0
SP 5- (Communication Services)	840,000		840,000	0
SP 6 - (ICT Infrastructure Connectivity)	1,816,422		1,816,422	0
SP 7 - (Field Administration)	11,167,680	612,650	10,555,030	5
TOTAL	**275,487,241**	**19,207,793**	**245,724,418**	7
Programme 13 -SPECIAL PROGRAMMES AND DIRECTORATES				
SP 1 - (General Administration, planning and Support Services)	19,134,126	825,436	18,308,690	4
SP 2 -(Dairy Development)	-		-	
SP 3-(Cash crop production)	-		-	
SP 4-(Investment and Coperative development)	-		-	
SP 5 - (Emergency and disaster response)	5,250,000		5,250,000	0
SP 6 -(Peace building and reconcilliation)	5,826,000		5,826,000	0
SP 7- (Resource mobilization and Coordination)	4,030,000		4,030,000	0
SP 8(Gender and special needs)	10,640,000	362,600	10,277,400	3
TOTAL	**44,880,126**	**1,188,036**	**43,692,090**	3
Programme 14 -COUNTY ASSEMBLY				
SP 1 - (General Administration, planning and Support Services)	474,598,120	52,559,194	422,038,926	11
SP 2 -(Legislation and Representation)	255,146,628	141,330	255,005,298	0
SP 3-(Staff Affairs and development)	44,300,000		44,300,000	0
TOTAL	**774,044,748**	**52,700,524**	**721,344,224**	7

Programme/SP	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	A	B	C=A-B	D=B/A*100
TOTAL EXECUTIVE AND ASSEMBLY				
Personal emoluments	2,811,487,206	626,995,100	2,184,492,106	22
Operation & maintenance	2,080,485,723	43,443,709	2,037,042,014	2
Subtotal	4,891,972,929	670,438,809	4,221,534,120	14
Development	2,583,662,673	-	2,583,662,673	0
GRAND TOTAL	**7,475,635,602**	**670,438,809**	**6,805,196,793**	**9**

Source: West Pokot County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: General Administration, planning and Support Services in the Department of Health and Sanitation at 24 per cent, General Administration, planning and Support Services in the Department of Finance and Economic Planning at 20 per cent, General Administration, planning and Support Services in the Department of Water, Environment and Natural Resources at 18 per cent, and General Administration, planning and Support Services at 16 per cent of their budget allocation.

3.49.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the COB identified the following challenges which hampered effective budget implementation;

5. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB against the requirement of Section 168 of the PFM Act, 2012. The reports for the Bursary Fund and Cooperative Development Fund were not submitted to the Controller of Budget
6. High pending bills amounting to Kshs.132.13 million as of 30th September 2022, despite the availability of cash in the CRF, which stood at Kshs.554.52 million at the end of the First Quarter of FY 2022/23.
7. Use of manual payroll. Personnel emoluments amounting to Kshs.34.56 million were processed through the manual payroll and accounted for 5.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds due to a lack of proper controls.

The County should implement the following recommendations to improve budget execution;

1. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
2. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

4 KEY CHALLENGES AND RECOMMENDATIONS

4.1 Introduction

This section highlights cross-cutting issues that affected budget implementation in the First Quarter of FY 2022/23 and includes appropriate recommendations to address the challenges. The cross-cutting challenges were:

4.2 Under-performance in Own Source Revenue Collection

Article 209 (3) of the Constitution allows County Governments to impose property rates, entertainment taxes and any other tax that a county is authorised to charge by an Act of Parliament.

During the reporting period, the County Governments generated a total of Kshs.6.17 billion, which was 10.8 per cent of the annual target of Kshs.57.01 billion, against an expected performance of 25 per cent of the annual target in the First Quarter of FY 2022/23. The OCOB noted that forty-two counties recorded a performance that was below 25 per cent of the annual target. The underperformance of own-source revenue collection implies that some planned activities were not implemented during the financial year due to budget deficits.

The Controller of Budget advises county governments to build the capacity of key staff involved in revenue collection and implement revenue enhancement programmes to realise the OSR potential.

4.3 Low Expenditure on the Development Budget

Section 107(2) (b) of the Public Finance Management (PFM) Act, 2012, provides that over the medium term, a minimum of thirty per cent of the County Government's budget shall be spent on development programmes.

In the First Quarter of FY 2022/23, County Governments reported expenditures of Kshs.2.22 billion towards development activities, representing an absorption rate of 1.4 per cent of the cumulative annual development expenditure budget of Kshs.160.58 billion. Twenty-three counties did not report any expenditure on development activities during the period under review.

The Controller of Budget recommends that County Governments develop and implement strategies to enhance the utilisation of funds allocated for development activities in the remaining financial year period. Further, county governments should ensure that expenditure on development activities meets the minimum set ceiling of 30 per cent of their budgets.

4.4 High Level of Pending Bills

As of September 30, 2022, Counties reported pending bills amounting to Kshs.161.36 billion. These comprised of Kshs.127.38 billion for recurrent expenditure and Kshs.33.98 billion for development expenditure. Analysis of the pending bills shows that Nairobi City County accounted for 62.2 per cent of the pending bills at Kshs.100.36 billion. Other Counties with a high level of pending bills are Wajir, Kiambu at Kshs.4.81 billion and Mombasa at Kshs.4.51 billion.

County Governments are advised to settle the eligible pending bills as a first charge on the budget in line with Regulation 41 (2) of the Public Finance Management (County Governments) 2015, which states that "debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible so that the County government does not default on debt obligations". Further, Regulation 55(2) b of the Public Finance Management (County Governments) 2015 requires that the finalised and signed contracts be budgeted first before the accounting officer of the County government entity considers new projects.

4.5 Delay by the National Treasury to Disburse the Equitable Share of revenue.

County Governments were allocated Kshs.370 billion as the equitable share of revenue raised nationally to finance their budgets in the FY 2022/23. This allocation is contained in the County Allocation of Revenue Act, 2022. The disbursement of the equitable share of revenue raised nationally is expected to be per the Disbursement Schedule that provides for monthly transfers to County Governments by the National Treasury. As of September 30 2022, the National Treasury had disbursed a total of Kshs.40.74 billion as equitable share for the FY 2022/23 and Kshs.29.6 billion, which was arrears of equitable share from the previous financial year.

The amount disbursed by the National Treasury of Kshs.40.74 billion represented 11 per cent of the allocation for the FY 2022/23 of Kshs.370 billion. At the end of the First Quarter, counties had not received Kshs.20.31 billion, which was the allocation for August 2022. Failure by the National Treasury to release funds to County Governments affected budget implementation.

The National Treasury is therefore required to ensure that the disbursement of the equitable share of revenue to county governments is in line with the approved disbursement schedule to ensure effective budget implementation.

4.6 Failure by Fund Administrators to Submit Quarterly Financial Statements to the Controller of Budget

Section 168 of the PFM Act, 2012 requires Fund Administrators to prepare and submit quarterly financial statements for the fund. The quarterly financial statements should be submitted to the County Treasury with a copy to the Controller of Budget not later than fifteen days after the end of each quarter.

During the reporting period, it was observed that several Fund Administrators failed to submit the quarterly financial statements to the Controller of Budget within the legal timeline. In most counties, as shown in Chapter three of this report, Fund Administrators failed to furnish the OCOB with the quarterly reports on financial and non-financial information contrary to the requirement of Section 168 of the PFM Act, 2012.

The Controller of Budget advises the County Executive Committee Members responsible for finance in the counties to follow up and ensure Fund Administrators prepare and submit quarterly reports in line with the PFM Act, 2012.

5 CONCLUSION

This report sought to provide information on the status of budget implementation during the First Quarter of FY 2022/23 by County Governments. It was prepared in fulfilment of Article 228(6) of the Constitution of Kenya 2010 and Section 9 of the Controller of Budget Act, 2016.

In the First Quarter of FY 2022/23, the combined County governments' budgets approved by the County Assemblies amounted to Kshs.478.87 billion and comprised of Kshs.160.58 billion (33.5 per cent) allocated to development expenditure and Kshs.318.29 billion (66.5 per cent) for recurrent expenditure. The aggregate development expenditure allocation conforms to Section 107 (2(b)) of the PFM Act, 2012, which requires that at least 30 per cent of the budget be allocated for development programs. To finance the budgets, County governments expect to receive Kshs.370 billion as the equitable share of revenue raised nationally, generate Kshs.57.01 billion from their own revenue sources and utilize Kshs.22.51 billion cash balance from FY 2021/22. Further, Counties expect to receive Kshs.29.35 billion as conditional grants from the national government and development partners.

The total funds available to the County Governments in the First Quarter of FY 2022/223 amounted to Kshs.98.97 billion. This amount consisted of Kshs.70.34 billion as the equitable share of revenue raised nationally, Kshs.22.51 billion cash balance from FY 2021/22, and Kshs.6.17 billion raised from own sources. The disbursed equitable share of Kshs.70.34 billion, comprises of Kshs.29.6 billion as arrears of equitable shares from the previous financial year and Kshs.29.6 billion for the current financial year.

The total expenditure by County governments in the First Quarter of FY 2022/23 was Kshs.54.82 billion, representing an absorption rate of 11.4 per cent of the total annual County Government Budgets. This was an increase from an absorption rate of 10.5 per cent attained in a similar period of FY 2021/22, where total expenditure was Kshs.52.84 billion. Recurrent expenditure was Kshs.52.60 billion, representing 16.5 per cent of the annual recurrent budget, while development expenditure amounted to Kshs.2.22 billion, representing an absorption rate of 1.4 per cent.

The key challenges that hampered effective budget execution during the period were identified. They included; under-performance in own source revenue collection, low expenditure on the development budget, high level of pending bills, delay by the National Treasury to disburse the Equitable Share of revenue raised nationally to the counties, and failure by Fund Administrators to submit quarterly financial statements to the Controller of Budget. This report has provided appropriate recommendations on how to address the challenges to enhance the smooth execution of the budget in the remaining financial year period.

The Controller of Budget calls for full implementation of the recommendations in this report, which the office will track in subsequent reports. The office is committed to ensuring the prudent and effective use of public resources by County Governments and will continue to publish regular reports on budget implementation to inform and influence budget execution in the Country.